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**Windsor & District RSL Sub-Branch Club Limited**  
ACN 000 811 290

**Annual Financial Report**  
**31 March 2007**

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# Windsor & District RSL Sub-Branch Club Limited

## Directors' Report

### Directors

Your directors present their report together with the financial report of Windsor & District RSL Sub-Branch Club Limited (the company) for the year ended 31 March 2007 and the auditor's report thereon.

The directors of the company in office at any time during or since the end of the financial year are:

<b>Surname</b>	<b>Christian Names</b>	<b>Position</b>
Crouch	William James	Chairman
Williams	Herbert Charles	Vice Chairman
Ryan	Ross Eric	Vice Chairman
Butler	Keith William	Director
Duclos	Albert Sutton	Director
Phillips	John Joseph	Director – Resigned 18/03/07
Slee	Andrew Brian	Director
Wilson	Colin	Treasurer
Williamson	Robert Edward	Director

### Information on Directors

#### **William James Crouch**

Age: 59  
Retired  
24 years Chairman

#### **Herbert Charles Williams**

Age: 72  
Retired  
18 years Vice Chairman  
18 years Director

#### **Ross Eric Ryan**

Age: 66  
Driver  
7 years Director  
5 years Vice Chairman

#### **Keith William Butler**

Age: 65  
Driver  
5 years Director

#### **Albert Sutton Duclos**

Age: 73  
Retired  
14 years Director

# Windsor & District RSL Sub-Branch Club Limited

## Directors' Report (continued)

### Information on Directors (continued)

#### **John Joseph Phillips**

Age: 78  
Retired  
3 years director  
Resigned 18 March 2007

#### **Andrew Brian Slee**

Age: 43  
Machine Operator  
3 years Director

#### **Colin Wilson**

Age: 66  
Retired  
13 years Treasurer

#### **Robert Edward Williamson**

Age: 59  
Corrective Services Officer  
5 years director

### Directors' Meetings

The number of directors' meetings including meetings of committees of directors and number of meetings attended by each of the directors of the company during the financial year are:

Director	BOARD MEETINGS	
	Number of meetings attended	Number of meetings held *
Mr W Crouch	20	20
Mr H Williams	18	20
Mr A Duclos	11	20
Mr R Ryan	17	20
Mr J Phillips	10	20
Mr A Slee	16	20
Mr C Wilson	20	20
Mr K Butler	15	20
Mr R Williamson	17	20

\* Number of meetings held during the time the director held office during the year.

### Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

#### **Mr Jason Moore**

Mr Moore was appointed Company Secretary on 7 June 2005 and is also the General Manager of Windsor & District RSL Sub-Branch Club Limited.

# Windsor & District RSL Sub-Branch Club Limited

## Directors' Report (continued)

### Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 March 2007 and the comparison with last year is as follows:

	2007	2006
Ordinary and Associates	3,985	2,976
Sub-branch	97	99
Life	11	11
	<hr/>	<hr/>
	4,093	3,086
	<hr/> <hr/>	<hr/> <hr/>

### Operating Result

The net profit from ordinary activities before tax for the year amounted to \$145,312 compared with a loss of \$35,578 for the prior year. This resulted after charging \$509,829 (2006: \$468,038) for depreciation and before charging \$56,425 (2006: crediting \$21,676) for income tax.

### Review of Operations

A review of the operations of the company during the financial year and the results of these operations are as follows:

The main reason for the increase in net profit was due to an increase in poker machine takings and profit on sale of members units.

Also, the loss from catering department has increased from the prior year, impacting the final profit.

### Significant Changes in the State of Affairs

There were no significant changes in the company's state of affairs that occurred during the financial year.

### Principal Activities

The principal activity of the company during the year has continued to be that of a licensed social club.

There have been no significant changes in the nature of these activities during the year.

### Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

## Directors' Report (continued)

### Likely and Future Developments and Expected Results

Likely developments in the operations of the company in future financial years and the expected results of those operations are as follows:

At the date of this report there have been several developments in the operations of the company:

- Redevelopment of the club premises is planned over the next few years.
- Proposed sale of the vacant land at 74 Mileham Street, South Windsor.
- The State Government has increased poker machine taxes as from 1 September 2004 with further increases being phased in over four years and has also imposed a complete smoking ban from July 2007. These regulations and taxes will increasingly affect the profitability of the company.

### Environmental Regulation

The company's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

The Board believes that the company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

### Dividends

In accordance with the Constitution, no dividends can be paid and accordingly no dividends were paid or declared since the start of the financial year (2006: \$Nil).

### Indemnification of Officers

The company has provided for and paid premiums during the year for directors' and officers' liability and legal expenses' insurance contracts.

The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome;
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid with respect to the directors' and officers' liability and legal expenses' insurance contract, as such disclosure is prohibited under the terms of the contract.

**Directors' Report (continued)**

**Proceedings on Behalf of the Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is party for the purposes of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

**Auditor's Independence Declaration**

The directors have received the Independence Declaration from the Auditors. The Declaration is attached as page 6.

Signed in accordance with a resolution of the directors.

Dated at Windsor this 14th day of May 2007.

**W Crouch**  
Chairman

**Auditor's Independence Declaration**

**Lead Auditor's Independence Declaration  
Under Section 307C of the Corporations Act 2001**

To the Directors of Windsor & District RSL Sub-Branch Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 31 March 2007, there have been:

- i. No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.

PKF

**Jim Hollington**  
Partner

Sydney  
14 May 2007

## Audit Report

### Scope

#### The Financial Report and Directors' Responsibilities

The financial report comprises the Income Statement, Balance Sheet, Cash Flow Statement, accompanying Notes to the Statements and the Directors' Declaration set out on pages 9 to 40 for Windsor & District RSL Sub-Branch Club Limited (the company) for the year ended 31 March 2007.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporation Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

#### Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Accounting Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position and of its performance as represented by the results of its operations and its cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.



## **Audit Report (continued)**

### **Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

### **Audit Opinion**

In our opinion, the financial report of the company is in accordance with:

- a) The Corporations Act 2001, including:
  - i) giving a true and fair view of the company's financial position as at 31 March 2007 and of its performance for the year ended on that date;
  - ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) Other mandatory financial reporting requirements in Australia.

PKF

**Jim Hollington**  
Partner

Sydney  
14 May 2007

# Windsor & District RSL Sub-Branch Club Limited

## Directors' Declaration

In the opinion of the directors of Windsor & District RSL Sub-Branch Club Limited (the company):

- (a) the financial statements and notes, set out on pages 10 to 40, are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
  - (ii) give a true and fair view of the financial position of the company as at 31 March 2007 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
- (b) at the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at Windsor this 14th day of May 2007.

**W Crouch**  
Chairman

# Windsor & District RSL Sub-Branch Club Limited

## Income Statement For the Year Ended 31 March 2007

	Note	2007 \$	2006 \$
<b>Revenue from continuing operations</b>			
Sale of goods		1,132,679	802,786
Rendering of services		3,646,232	3,254,188
Other revenue		361,657	93,760
		<hr/>	<hr/>
Total revenue from continuing operations	2	5,140,568	4,150,734
		<hr/>	<hr/>
<b>Expenses</b>			
Cost of Sales		(551,362)	(317,921)
Poker machine licence and taxes		(565,917)	(488,117)
Employee expenses		(1,475,148)	(1,095,883)
Entertainment, advertising and promotions		(840,041)	(712,624)
Property expenses		(447,946)	(439,086)
Bus net expenses		(94,135)	(76,268)
Catering subsidy		-	(10,000)
Licence and fees		(14,247)	(15,003)
Donations		(32,889)	(53,000)
Printing and stationery		(21,672)	(20,776)
Loss on disposal of non-current assets		-	(60,685)
Other expenses from ordinary activities		(177,723)	(142,194)
		<hr/>	<hr/>
Total expenses		(4,221,080)	(3,431,557)
		<hr/>	<hr/>
Earnings before depreciation expense and finance costs		919,488	719,177
Depreciation expenses	3(a)	(509,829)	(468,038)
Finance costs	3(a)	(264,347)	(286,717)
		<hr/>	<hr/>
<b>Profit/(loss) before income tax</b>		145,312	(35,578)
Income tax benefit/(expense)	5(a)	(56,425)	21,676
		<hr/>	<hr/>
<b>Net profit/(loss) from continuing operations after income tax expense attributable to members</b>	17	88,887	(13,902)
		<hr/>	<hr/>

The Income Statement should be read in conjunction with the accompanying notes set out on pages 14 to 40.

## Windsor & District RSL Sub-Branch Club Limited

### Statement of Changes in Equity For the Year Ended 31 March 2007

	Note	2007 \$	2006 \$
<b>Total equity at the beginning of the financial year</b>		4,866,912	4,880,814
Retained profits		4,866,912	4,880,814
<b>Profit/(loss) for the year</b>		88,887	(13,902)
<b>Total recognised income and expense for the year</b>		88,887	(13,902)
<b>Total equity at the end of the financial year</b>	17	4,955,799	4,866,912

# Windsor & District RSL Sub-Branch Club Limited

## Balance Sheet As at 31 March 2007

	Note	2007 \$	2006 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	685,133	1,066,523
Current financial assets	7	103	-
Trade and other receivables	8	53,755	55,891
Inventories	9	72,293	45,274
Current tax assets	5(b)	-	14,758
Other	10	52,335	80,480
<b>Total Current Assets</b>		<b>863,619</b>	<b>1,262,926</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	7,298,814	7,022,512
Investment property	12	210,445	218,102
Deferred tax assets	5(c)	11,786	42,415
Other	10	-	9,872
<b>Total Non-Current Assets</b>		<b>7,521,045</b>	<b>7,292,901</b>
<b>Total Assets</b>		<b>8,384,664</b>	<b>8,555,827</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Current tax liability	5(b)	14,341	-
Trade and other payables	13	482,338	324,014
Borrowings	14	15,209	-
Employee benefits	15	103,298	130,755
Other	16	18,183	24,870
<b>Total Current Liabilities</b>		<b>633,369</b>	<b>479,639</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	13	52,500	-
Borrowings	14	2,730,365	3,200,000
Employee benefits	15	12,631	9,276
<b>Total Non-Current Liabilities</b>		<b>2,795,496</b>	<b>3,209,276</b>
<b>Total Liabilities</b>		<b>3,428,865</b>	<b>3,688,915</b>
<b>Net Assets</b>		<b>4,955,799</b>	<b>4,866,912</b>
<b>Members' Funds</b>			
Retained profits	17	4,955,799	4,866,912
<b>Total Members' Funds</b>		<b>4,955,799</b>	<b>4,866,912</b>

The Balance Sheet should be read in conjunction with the accompanying notes set out on pages 14 to 40.

# Windsor & District RSL Sub-Branch Club Limited

## Cash Flow Statement For the Year Ended 31 March 2007

	Note	2007 \$	2006 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		5,211,021	4,560,877
Payments to suppliers and employees		(4,428,807)	(4,057,654)
Interest received		42,423	49,303
Borrowing costs paid		(264,347)	(286,717)
Income taxes (paid)/refunded		3,366	21,676
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	22(b)	563,656	287,485
		<hr/>	<hr/>
<b>Cash Flows From Investing Activities</b>			
Proceeds on disposal of non-current assets	12	840,664	18,286
Payment for property, plant and equipment	12	(1,231,915)	(648,467)
		<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>		(391,251)	(630,181)
		<hr/>	<hr/>
<b>Cash Flows From Financing Activities</b>			
Repayment of borrowings		(552,995)	-
Hire purchase payments		(800)	-
		<hr/>	<hr/>
<b>Net cash outflow from financing activities</b>		(553,795)	-
		<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>		(381,390)	(342,696)
		<hr/>	<hr/>
<b>Cash and cash equivalents at the beginning of the financial year</b>		1,066,523	1,409,219
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial year</b>	22(a)	685,133	1,066,523
		<hr/> <hr/>	<hr/> <hr/>

The Cash Flow Statement should be read in conjunction with the accompanying notes set out on pages 14 to 40.

## Notes to the Financial Statements For the Year Ended 31 March 2007

### 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

#### Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIRFS ensures that the company financial statements and notes comply with International Financial Reporting Standards (IFRS).

In preparing the financial report the company has taken the exemptions available to non profit entities.

#### Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

#### (b) Revenue Recognition – Note 2

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

#### Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) when control of the goods passes to the customer.

#### Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised when the services are provided.

#### Interest Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

### 1 Statement of Significant Accounting Policies (continued)

#### (b) Revenue Recognition – Note 2 (continued)

##### **Sale of Property, Plant and Equipment**

The gross proceeds of property, plant and equipment sales are recognised as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

##### **Contribution of Assets**

Contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are recognised as revenue at the fair value of the asset received when the company gains control of the contribution, except when the contributions are by owners.

#### (c) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Balance Sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis.

#### (d) Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets, which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.



## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

### 1 Statement of Significant Accounting Policies (continued)

#### (e) Income Taxes – Note 5

Income taxes are accounted for using the comprehensive balance sheet liability method whereby:

- The tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- Current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

#### (f) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

#### (g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts.

#### (h) Trade and Other Receivables – Note 8

Trade debtors and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

#### (i) Inventories – Note 9

Inventories are measured at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the weighted average basis.

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

### 1 Statement of Significant Accounting Policies (continued)

#### (j) Property, Plant and Equipment – Note 11

Land and buildings (except for investment properties – refer to Note 12) are shown at cost, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line / diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

	2007	2006
Buildings and Improvements	40 years	40 years
Furniture, Fitting and Equipment	11.11 years	11.11 years
Poker Machines	6 years	6 years
Holiday Units	40 years	40 years
Kitchen Equipment	11.11 years	11.11 years
Vehicles	7.7 years	7.7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is company policy to transfer the amounts included in other reserves with respect to those assets to retained earnings.

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

### 1 Statement of Significant Accounting Policies (continued)

#### (k) Investment Property – Note 12

Investment property, principally comprising freehold buildings, is held for long-term rental yields and is not occupied by the company. Investment property is carried at cost.

#### (l) Employee Benefits – Note 15

##### Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

##### Long Service Leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

##### Superannuation Plan

The company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

#### (m) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (n) Trade and Other Payables – Note 13

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**Notes to the Financial Statements  
For the Year Ended 31 March 2007 (continued)**

**1 Statement of Significant Accounting Policies (continued)**

**(o) Borrowings – Note 14**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

**(p) Leased Assets**

Leases under which the company assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

**Finance Leases – Note 14**

A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

**Operating Leases**

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

# Windsor & District RSL Sub-Branch Club Limited

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

	2007 \$	2006 \$
<b>2 Revenue from Continuing Operations</b>		
<b>Sale of Goods Revenue</b>		
Bar sales	785,085	799,895
Catering sales	347,594	2,891
	<hr/>	<hr/>
	1,132,679	802,786
	<hr/>	<hr/>
<b>Rendering of Services Revenue</b>		
Functions	64,338	22,810
Poker machines – net clearances	3,130,745	2,905,918
Members' subscriptions	24,700	21,636
Entertainment and promotions	288,982	242,885
TAB commission	6,403	7,155
Keno sales	42,144	38,225
Commission received	20,013	14,175
Insurance Proceeds	68,715	-
Sundry income	192	1,384
	<hr/>	<hr/>
	3,646,232	3,254,188
	<hr/>	<hr/>
<b>Other Revenues</b>		
Interest received	42,423	49,303
Rent received		
Units and villas	18,238	26,005
Windsor farms	13,135	18,452
	<hr/>	<hr/>
Total operating revenue	73,796	93,760
	<hr/>	<hr/>
<b>Non-operating activities</b>		
Net gain on disposal of non-current assets	287,861	-
	<hr/>	<hr/>
Total non-operating revenue	287,861	-
	<hr/>	<hr/>
<b>Total revenue from continuing operations</b>	5,140,568	4,150,734
	<hr/>	<hr/>

# Windsor & District RSL Sub-Branch Club Limited

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

	2007 \$	2006 \$
<b>3 Expenses</b>		
<b>(a) Profit before income tax includes the following specific expenses:</b>		
<b>Finance costs</b>		
Bank loans and overdraft	264,347	286,717
<b>Depreciation</b>		
Buildings and improvements	28,094	25,554
Poker machines	274,706	240,843
Bus	25,260	25,260
Kitchen equipment	11,522	10,238
Furniture, fittings and equipment	156,657	142,027
Holiday units	5,933	16,367
Investment property	7,657	7,749
Total depreciation	509,829	468,038
<b>Net expense from movements in provision for</b>		
Employee benefits	(24,447)	(68,896)
Poker machine jackpots (written back)	(345)	(36)
	(24,792)	(68,932)
Net loss on disposal of property, plant and equipment	-	60,685
	%	%
<b>(b) Key Performance Indicators</b>		
<b>Bar</b>		
Gross profit percentage	58.02%	61.25%
Wages to sales percentage	35.13%	42.06%
Wages and salaries – percentage of total revenue	28.71%	26.79%
<b>Catering</b>		
Gross profit percentage	40.61%	-
Wages to sale percentage	80.17%	-
<b>EBITDA percentage</b>	11.77%	17.60%
<b>Interest cover ratio</b>	2.48:1	0.88:1

**Notes to the Financial Statements  
For the Year Ended 31 March 2007 (continued)**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>4 Auditor's Remuneration</b>		
During the year the following fees were paid or payable for services provided by the auditor:		
<b>Audit Services:</b>		
Auditors of the company		
<i>PKF</i>		
Audit and review of financial reports	15,500	15,000
	<hr/>	<hr/>
<b>Other Services:</b>		
Auditors of the company		
<i>PKF</i>		
Taxation services	2,200	2,000
Other assurance services	29,940	24,621
	<hr/>	<hr/>
	32,140	26,621
	<hr/> <hr/>	<hr/> <hr/>

# Windsor & District RSL Sub-Branch Club Limited

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

### 5 Taxation

#### (a) Income Tax Expense

The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities.

	2007 \$	2006 \$
The amount set aside for income tax in the Income Statement has been calculated as follows:		
Proportion of income attributable to non-members	1,665,021	1,374,245
Less: Proportion of expenses attributable to non-members	(1,598,797)	(1,291,314)
	<hr/>	<hr/>
Add: Other taxable income	66,224 159,729	82,931 130,886
	<hr/>	<hr/>
Less: Other deductible expenses	225,953	213,817
Tax losses	(336,892)	(310,113)
Capital gain on sale of units	(96,294)	96,296
	272,554	-
	<hr/>	<hr/>
Net income subject to tax	65,321	-
	<hr/>	<hr/>
Current income tax applicable to above at rate of 30%	19,596	-
Under provided in prior years	6,200	1,092
(Increase)/decrease in deferred tax assets	30,629	(22,768)
	<hr/>	<hr/>
Income tax expense	56,425	(21,676)
	<hr/> <hr/>	<hr/> <hr/>

#### (b) Current Tax (Assets)/Liabilities

Movements during the year:

Balance at beginning of year	(14,758)	(3,554)
Income tax paid	(13,671)	(14,758)
Current year's income tax expense on profit	19,596	-
Under provision in prior year	6,200	1,092
Income tax refund received	17,037	2,462
	<hr/>	<hr/>
Current tax assets/(Liabilities)	14,341	(14,758)
	<hr/> <hr/>	<hr/> <hr/>



# Windsor & District RSL Sub-Branch Club Limited

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

	2007 \$	2006 \$
<b>5 Taxation (continued)</b>		
<b>(c) Deferred Tax Assets</b>		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Employee benefits	11,786	13,527
Tax losses	-	28,888
	<hr/>	<hr/>
Net deferred tax assets	11,786	42,415
	<hr/> <hr/>	<hr/> <hr/>
<b>6 Cash and Cash Equivalents</b>		
Cash at bank and on hand	356,289	440,417
Bank short term deposits – at cost	328,844	626,106
	<hr/>	<hr/>
	685,133	1,066,523
	<hr/> <hr/>	<hr/> <hr/>
<b>7 Current Financial Assets</b>		
Shares in IAG – at cost	103	-
	<hr/>	<hr/>
	103	-
	<hr/> <hr/>	<hr/> <hr/>
<b>8 Trade and Other Receivables</b>		
<b>Current</b>		
Trade debtors	49,645	23,410
Pending insurance claim	-	32,004
Interest receivable	4,110	477
	<hr/>	<hr/>
	53,755	55,891
	<hr/> <hr/>	<hr/> <hr/>
<b>9 Inventories</b>		
<b>Finished goods – at cost</b>		
Bar	52,464	44,195
Catering	18,750	-
Promotions	1,079	1,079
	<hr/>	<hr/>
	72,293	45,274
	<hr/> <hr/>	<hr/> <hr/>

# Windsor & District RSL Sub-Branch Club Limited

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

	2007 \$	2006 \$
<b>10 Other Assets</b>		
<b>Current</b>		
Prepayments	42,462	64,967
Prepaid borrowing costs	9,873	15,513
	52,335	80,480
<b>Non-Current</b>		
Prepaid borrowing costs	-	9,872
<b>11 Property, Plant and Equipment</b>		
Freehold Land		
<i>At cost</i>	4,035,515	4,035,515
	4,035,515	4,035,515
Buildings and Improvements		
<i>At cost</i>	1,433,159	1,008,921
<i>Accumulated depreciation</i>	(104,011)	(75,917)
	1,329,148	933,004
Total Land, Buildings and Improvements	5,364,663	4,968,519
Furniture, Fittings and Equipment		
<i>At cost</i>	2,490,701	2,116,563
<i>Accumulated depreciation</i>	(1,761,515)	(1,631,267)
	729,186	485,296
Poker Machines		
<i>At cost</i>	2,913,357	2,696,350
<i>Accumulated depreciation</i>	(2,280,449)	(2,040,636)
	632,908	655,714

# Windsor & District RSL Sub-Branch Club Limited

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

	2007 \$	2006 \$
<b>11 Property, Plant and Equipment (continued)</b>		
Bus		
At cost	128,613	121,519
Accumulated depreciation	(70,053)	(44,793)
	58,560	76,726
Motor Vehicles Under Hire Purchase		
At cost	88,219	-
	88,219	-
Holiday Units		
At cost	-	605,130
Accumulated depreciation	-	(136,496)
	-	468,634
Kitchen Equipment		
At cost	132,100	123,222
Accumulated depreciation	(61,099)	(49,578)
	71,001	73,644
Capital Works in Progress		
At cost	354,277	293,979
	354,277	293,979
Total property, plant and equipment net book value	7,298,814	7,022,512

Refer to Note 14 for details of security over property, plant and equipment.

### Valuation

An independent valuation of the company's land and buildings carried out by Frank Knight as 2 August 2005 on the basis of open market value for existing use resulted in a valuation of land, buildings and improvements of \$6,500,000 for the club premises. The vacant land at 74 Mileham Street, South Windsor was valued by Rushton Valuers Pty Ltd as at 9 May 2005 on the basis of open market value for existing use resulted in a valuation of \$3,175,000. As land and buildings are recorded at cost the valuation has not been brought to account.

# Windsor & District RSL Sub-Branch Club Limited

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

	2007 \$	2006 \$
<b>11 Property, Plant and Equipment (continued)</b>		
<b>Reconciliations</b>		
<b>Movements in Carrying Amounts</b>		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
<b>Buildings</b>		
Carrying amount at beginning of year	933,004	885,072
Additions	50,651	73,486
Depreciation expense	(28,094)	(25,554)
Transfer from WIP	367,626	-
Adjustment	5961	-
	1,329,148	933,004
<b>Furniture, Fittings and Equipment</b>		
Carrying amount at beginning of year	485,296	497,866
Additions	392,142	150,515
Depreciation	(156,657)	(142,027)
Retirements	(61,455)	(21,058)
Adjustments	69,860	-
	729,186	485,296
<b>Poker Machines</b>		
Carrying amount at beginning of year	655,714	648,597
Additions	253,627	305,895
Depreciation	(274,706)	(240,843)
Retirements	(1,727)	(57,935)
	632,908	655,714

# Windsor & District RSL Sub-Branch Club Limited

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

	2007 \$	2006 \$
<b>11 Property, Plant and Equipment (continued)</b>		
<b>Reconciliations</b>		
<b>Bus</b>		
Carrying amount at beginning of year	76,726	101,986
Additions	-	-
Depreciation	(25,260)	(25,260)
Adjustments	7,094	-
	<hr/>	<hr/>
Carrying amount at end of year	58,560	76,726
	<hr/>	<hr/>
<b>Motor Vehicles Under Hire Purchase</b>		
Carrying amount at beginning of year	-	-
Additions	88,219	-
	<hr/>	<hr/>
	88,219	-
	<hr/>	<hr/>
<b>Members Units</b>		
Carrying amount at beginning of year	468,634	485,001
Depreciation	(5,933)	(16,367)
Disposal	(462,701)	-
	<hr/>	<hr/>
Carrying amount at end of year	-	468,634
	<hr/>	<hr/>
<b>Kitchen Equipment</b>		
Carrying amount at beginning of year	73,644	19,169
Additions	19,352	64,713
Depreciation	(11,522)	(10,238)
Adjustments	(10,473)	-
	<hr/>	<hr/>
Carrying amount at end of year	71,001	73,644
	<hr/>	<hr/>
<b>Capital Works in Progress</b>		
Carrying amount at beginning of year	293,979	240,121
Additions	427,124	53,858
Transfer to buildings	(367,626)	-
	<hr/>	<hr/>
Carrying amount at end of year	354,277	293,979
	<hr/>	<hr/>

# Windsor & District RSL Sub-Branch Club Limited

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

	2007 \$	2006 \$
<b>12 Investment Property</b>		
Villa		
At cost	278,982	278,982
Accumulated depreciation	(68,537)	(60,880)
	210,445	218,102
<b>Movements in Carrying Amounts</b>		
<b>Villa</b>		
Carrying amount at beginning of year	218,102	225,849
Depreciation	(7,657)	(7,747)
	210,445	218,102
<b>(a) Amounts recognised in profit and loss for investment property</b>		
Rent income	18,238	18,269
Direct operating expenses from property that generated rental income	(22,382)	(10,053)
	(4,144)	8,216
<b>(b) Valuation Basis</b>		
<p>The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The 2006 revaluations were based on an independent assessment made by Shire Real Estate Agents on 11 May 2006 on the basis of open market value of existing use resulting in the valuation of the villas at \$460,000.</p>		
<b>(c) Leasing Arrangements</b>		
<p>The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:</p>		
<p>Minimum lease payments under operating leases of investment properties not recognised in the financial statements are receivable as follows:</p>		
	18,720	18,720
Within one year	18,720	18,720
Later than one year but not later than 5 years	74,880	74,880
	93,600	93,600

# Windsor & District RSL Sub-Branch Club Limited

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

	2007 \$	2006 \$
<b>13 Trade and Other Payables</b>		
<b>Current</b>		
Trade creditors	225,399	149,983
Goods and Services Tax (GST) payable	1,078	16,916
Other creditors and accruals	255,861	157,115
	482,338	324,014
	482,338	324,014
<b>Non-Current</b>		
Other creditors and accruals	52,500	-
	52,500	-
	52,500	-
<b>14 Borrowings</b>		
<b>Current</b>		
<b>Secured</b>		
Hire purchase creditors	15,209	-
	15,209	-
<b>Non-Current</b>		
<b>Secured</b>		
Bank loans	2,647,005	3,200,000
Hire purchase creditors	83,360	-
	2,730,365	3,200,000
	2,730,365	3,200,000
<b>Financing Arrangements</b>		
The company has access to the following lines of credit:		
Total facilities available:		
Bank loans	2,889,850	3,200,000
ANZ Visa Card	2,000	2,000
	2,891,850	3,202,000
	2,891,850	3,202,000

**Notes to the Financial Statements  
For the Year Ended 31 March 2007 (continued)**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>14 Borrowings (continued)</b>		
<b>Financing Arrangements (continued)</b>		
Facilities utilised at reporting date:		
Bank loans	2,647,005	3,200,000
ANZ Visa Card	-	-
	<hr/>	<hr/>
	2,647,005	3,200,000
Facilities not utilised at reporting date:		
Bank loans	242,845	-
ANZ Visa Card	2,000	2,000
	<hr/>	<hr/>
	244,845	2,000
	<hr/>	<hr/>

**Bank Loans**

The loans bear interest at 8.6% (2006: 8.17%) payable monthly.

The non-current bank loans are payable on or before 31 January 2018. The loan is currently payable on an interest-only basis. This term has been extended until 30 November 2007 from which then the loan is payable on a principle and interest basis for the remainder of the term.

**Security**

The bank loan is secured by registered first mortgages over the following assets of the company:

- First Registered Company Charge (Mortgage Debenture) over all the assets and undertaking of Windsor & District RSL Sub-Branch Club Limited ABN 87 000 811 290.  
  
This is a fixed and floating charge over all present and future assets, undertaking (including goodwill) and unpaid/uncalled capital of the company.
- First Registered Mortgage given by Windsor & District RSL Sub-Branch Club Limited ABN 87 000 811 290 over the property situated at 74 Mileham Street, Windsor NSW.
- First Registered Mortgage given by Windsor & District RSL Sub-Branch Club Limited ABN 87 000 811 290 over the property situated at 84-94 Mileham Street, Windsor NSW.
- First Registered Mortgage given by Windsor & District RSL Sub-Branch Club Limited ABN 87 000 811 290 over the property situated at Units 1 & 2, 95B Mileham Street, South Windsor NSW.



# Windsor & District RSL Sub-Branch Club Limited

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

	<b>2007</b> \$	<b>2006</b> \$
<b>15 Employee Benefits</b>		
Aggregate liability for employee benefits including on-costs		
Current	103,298	130,755
Non-current	12,631	9,276
	115,929	140,031
The present values of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:		
Assumed rate of increase in wage and salary rates	3%	3%
Discount rate	5.8%	5.8%
Settlement term (years)	10	10
	<b>2007</b>	<b>2006</b>
	<b>No</b>	<b>No</b>
<b>Number of Employees</b>		
Number of employees at year end	42	33

### Superannuation Plans

#### Contributions

The company is under a legal obligation to contribute 9% of each employee's base salary to a superannuation fund.

	<b>2007</b> \$	<b>2006</b> \$
Employer contributions to the plans	75,104	72,065
Employer contributions payable to the plans at reporting date	-	-

# Windsor & District RSL Sub-Branch Club Limited

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

	2007 \$	2006 \$
<b>16 Other Liabilities</b>		
<b>Current</b>		
Income received in advance	2,865	3,776
Subscriptions received in advance	15,318	21,094
	<hr/>	<hr/>
	18,183	24,870
	<hr/>	<hr/>
<b>17 Retained Profits</b>		
Retained profits at the beginning of the year	4,866,912	4,880,814
Net profit/(loss) attributable to members of the company	88,887	(13,902)
	<hr/>	<hr/>
Retained profits at the end of the year	4,955,799	4,866,912
	<hr/>	<hr/>

**Notes to the Financial Statements  
For the Year Ended 31 March 2007 (continued)**

**18 Additional Financial Instruments Disclosure**

The company's financial instruments and the policies associated with the risks of carrying these are summarised below:

**(a) Interest Rate Risk**

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2007	Note	Weighted average interest rate %	Floating interest rate \$	Fixed interest maturing in 1 year or less \$	Fixed interest maturing in 1-5 years \$	Non Interest- bearing \$	Total \$
<b>Financial assets</b>							
Cash and cash equivalents	6	2.68%	201,389	-	-	154,900	356,289
Bank short term deposit	6	6.22%	328,844	-	-	-	328,844
Current financial assets	7	-	-	-	-	103	103
Trade and other receivables	8	-	-	-	-	53,755	53,755
			530,233	-	-	208,758	738,991
<b>Financial liabilities</b>							
Trade and other payables	13	-	-	-	-	534,838	534,838
Motor vehicle under hire purchase	14	9.43%	-	15,209	83,360	-	98,569
Bank loans	14	8.60%	2,647,005	-	-	-	2,647,005
			2,647,005	15,209	83,360	534,838	3,280,412

**Notes to the Financial Statements  
For the Year Ended 31 March 2007 (continued)**

**18 Additional Financial Instruments Disclosure (continued)**

**(a) Interest Rate Risk (continued)**

2006	Note	Weighted average interest rate %	Floating interest rate \$	Fixed interest maturing in 1 year or less \$	Fixed interest maturing in 1-5 years \$	Non Interest- bearing \$	Total \$
<b>Financial assets</b>							
Cash and cash equivalents	6	2.53%	259,547	-	-	180,870	440,417
Bank short term deposit	6	5.85%	626,106	-	-	-	626,106
Trade and other receivables	8	-	-	-	-	55,891	55,891
			885,653	-	-	236,761	1,122,414
<b>Financial liabilities</b>							
Trade and other payables	13	-	-	-	-	324,014	324,014
Bank loans	14	8.17%	3,200,000	-	-	-	3,200,000
			3,200,000	-	-	324,014	3,524,014

**(b) Credit Risk Exposures**

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

**Recognised Financial Instruments**

The credit risk on financial assets, excluding investments, of the company which have been recognised on the Balance Sheet, is the carrying amount, net of any provision for doubtful debts.

The company minimises concentrations of credit risk by undertaking transactions with a large number of patrons.

**(c) Net Fair Values**

The aggregate fair values and carrying amount of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

No financial assets and financial liabilities are readily traded on organised markets in a standardised form.

For other assets and other liabilities net fair value approximates their carrying value.

# Windsor & District RSL Sub-Branch Club Limited

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

	Note	2006 \$	2005 \$
<b>19 Commitments</b>			
<b>(a) Hire Purchase Commitments</b>			
Hire purchase payments are payable as follows:			
Within one year		24,041	-
One year or later and no later than five years		100,286	-
		<hr/>	<hr/>
Minimum hire purchase payments		124,327	-
Less: Future hire purchase charges		(25,758)	-
		<hr/>	<hr/>
Carrying amount of hire purchase liabilities		98,569	-
		<hr/>	<hr/>
Hire purchase liabilities provided for in the financial statements:			
Current	14	15,209	-
Non-current	14	83,360	-
		<hr/>	<hr/>
Total hire purchase liabilities		98,569	-
		<hr/>	<hr/>

The company hires motor vehicle and training equipment under hire purchase agreements expiring from one to three years. The hire purchase facility is secured against the assets purchased under this facility as disclosed in Note 11.

### **(b) Capital Commitments**

The Club is currently considering plans and a DA application for submission to the council. The intention is to redevelop the club premise which is planned over the next four years.

The club has expensed some amounts towards these items however, as at year end the club has not entered into any contractual agreement in relation to this redevelopment with any entity.

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

### 21 Contingent Liabilities

#### Mutuality Principle

Windsor & District RSL Sub-Branch Club Limited calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, eg. poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations such as Windsor & District RSL Sub-Branch Club Limited.

Following the recent Full Federal Court decision in Coleambally Irrigation Mutual Co-operative Limited v FCT [2004] FCAFC 250, Tax Laws Amendment (2005 Measures No.6) Bill 2005 was tabled in Parliament on 7 December 2005 to amend the Income Tax Assessment Act 1997 to restore the long standing benefits of the mutuality principle to those non-profit organisations affected by the Coleambally decision.

These amendments will ensure RSL and social clubs continue not to be taxed on receipts from contributions and payments received from members.

### 21 Segment Reporting

The company operates predominantly in the hospitality and entertainment industry.

The company's operations and customers are located predominantly in Sydney, New South Wales. The company provides food, beverage, gaming and other entertainment facilities to members and guests.

**Notes to the Financial Statements  
For the Year Ended 31 March 2007 (continued)**

**22 Notes to the Cash Flow Statement**

**(a) Reconciliation of Cash**

Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the balance sheet as follows:

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	685,133	1,066,523

**(b) Reconciliation of Net Cash Provided By Operating Activities With Profit/(Loss) From Ordinary Activities After Income Tax**

Profit/(loss) from ordinary activities after income tax	88,887	(13,902)
Add/(less) items classified as investing/ financing activities:		
(Profit)/loss on sale of non-current assets	(287,861)	60,685
Hire purchase charges	7	-
Add/(less) non-cash items:		
Depreciation	509,829	468,038
(Increase)/decrease in deferred tax assets	30,629	(22,768)
(Increase)/decrease in current tax assets	14,758	-
Increase/(decrease) in current tax liabilities	14,341	(11,204)
Net cash provided by operating activities before change in assets and liabilities	370,590	480,849
Change in assets and liabilities during the financial year		
(Increase)/decrease in receivables	2,136	(45,781)
(Increase)/decrease in inventories	(27,019)	(1,111)
(Increase)/decrease in other assets	38,017	20,376
(Increase)/decrease in current financial assets	(103)	-
Increase/(decrease) in payables	210,824	(106,342)
Increase/(decrease) in other liabilities	(6,687)	8,426
Increase/(decrease) in employee benefits	(24,102)	(68,896)
Net cash inflow from operating activities	563,656	287,485

**(c) Non Cash items**

During the financial year the company acquired property, plant and equipment with an aggregate fair value of \$88,219 (2005: Nil) by means of hire purchases. These acquisitions are not reflected in the statement of cash flows.

## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

### 23 Key Management Personnel Details

#### (a) Directors

The following persons were non-executive directors of the company during the financial year:

Mr W Crouch  
Mr H Williams  
Mr A Duclos  
Mr R Ryan  
Mr J Phillips  
Mr A Slee  
Mr C Wilson  
Mr K Butler  
Mr R Williamson

Mr J Phillips resigned in March 2006.

There have been no new appointments.

#### (b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

Name	Position
Jason Moore	General Manager

#### (c) Key Management Personnel Compensation

The following are benefits and payments made to the Directors and Other Key Management Personnel as mentioned in (a) and (b) above:

	2007 \$	2006 \$
Short term employee benefits	110,310	81,571
Other long term benefits	3,172	1,674
	<hr/>	<hr/>
	113,482	83,245
	<hr/>	<hr/>



## Notes to the Financial Statements For the Year Ended 31 March 2007 (continued)

### 24 Related Parties

#### Key Management Personnel

Disclosures relating to key management personnel are set out in Note 23.

#### Directors' Transactions with the Company

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

### 25 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$4 per member in the event of the winding up of the company during the time that he is a member or within one year thereafter. At 31 March 2007 there were 4,794 members.

The registered office of the company is Cnr Argyle and Mileham Streets, South Windsor NSW 2756.

### 26 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

# Windsor & District RSL Sub-Branch Club Limited

## Disclaimer

The additional financial data presented on pages 42 to 53 is in accordance with the books and records of Windsor & District RSL Sub-Branch Club Limited which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 31 March 2007. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given.

In accordance with our Firm policy, we advise that neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any person (other than the company) with respect to such data, including any errors or omissions therein, arising through negligence or otherwise however caused.

PKF

Sydney  
14 May 2007

# Windsor & District RSL Sub-Branch Club Limited

## Statement of Operating Profit For the Year Ended 31 March 2007

	Schedule	2007 \$	2006 \$
Net Profit/(Loss) – Poker Machine Trading	1	1,984,143	1,779,434
– Bar Trading	2	32,814	89,669
– Functions	3	61,037	2,942
Members Subscriptions Received		24,700	21,636
Interest Received		42,423	49,303
Rent – Windsor Farms		13,137	18,452
Vending and ATM Machines Commissions		20,013	14,175
Sundry Revenue		68,906	1,384
Profit on Sale of Non-current Assets		287,861	18,304
		<hr/>	<hr/>
		2,535,034	1,995,299
		<hr/>	<hr/>
<b>Expenses</b>			
Net Loss – Catering Trading	4	261,246	70,622
– Units and Villa Trading	5	4,144	21,788
– Keno Trading	6	38,791	31,733
– TAB Trading	7	72,844	53,913
– Entertainment Trading	8	208,611	136,917
– Promotions Trading	9	376,286	325,858
Administration and Operating	10	1,179,731	1,121,425
Bank Interest		248,069	268,621
		<hr/>	<hr/>
		2,389,722	2,030,877
		<hr/>	<hr/>
<b>Net Profit/(Loss) Before Income Tax</b>		145,312	(35,578)
		<hr/> <hr/>	<hr/> <hr/>

The Detailed Income Statement is to be read in conjunction with the Disclaimer set out on page 41.

# Windsor & District RSL Sub-Branch Club Limited

## Supplementary Information to the Financial Statements For the Year Ended 31 March 2007

### Schedule 1

### Poker Machine Trading Statement

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Net Revenue	3,443,398	3,196,441
Less: GST applicable	(312,946)	(290,560)
	<hr/>	<hr/>
	3,130,402	2,905,881
	<hr/>	<hr/>
<b>Less: Expenses</b>		
Authorisation	3,043	1,500
Bonus prizes	25,400	41,802
Cleaning	7,258	9,924
Consultants fees	3,850	4,200
Depreciation	274,706	240,618
Light and power	29,843	28,540
Loss on sale of non-current assets	-	58,160
Payroll tax	6,489	6,025
Poker machine duty	528,748	452,129
Printing and stationery	1,978	4,219
Promotional prizes	10,930	18,036
Provision – Employee benefits	19,774	17,344
Provision – Poker machine jackpots (written back)	(345)	(36)
Repairs and maintenance	52,836	59,711
Staff meals and amenities	5,727	7,534
Staff training	625	2,131
Staff uniforms	630	-
Superannuation	10,996	16,161
TAB monitoring	37,169	35,987
Wages	117,867	113,884
Workers compensation insurance	8,735	8,578
	<hr/>	<hr/>
	1,146,259	1,126,447
	<hr/>	<hr/>
<b>Net Profit</b>	<b>1,984,143</b>	<b>1,779,434</b>
	<hr/> <hr/>	<hr/> <hr/>

The Poker Machine Trading Statement is to be read in conjunction with the Disclaimer set out on page 41.

# Windsor & District RSL Sub-Branch Club Limited

## Supplementary Information to the Financial Statements For the Year Ended 31 March 2007

### Schedule 2

#### Bar Trading Statement

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Sales	785,085	799,895
<b>Less: Cost of Goods Sold</b>		
Opening Stock	44,195	41,676
Purchases	337,838	312,469
	382,033	354,145
<b>Less: Closing Stock</b>	52,464	44,195
	329,569	309,950
<b>Gross Profit</b>	455,515	489,947
<b>Less: Expenses</b>		
Bar requisites	1,674	3,624
Cleaning	7,947	10,721
Depreciation	12,532	11,379
Freight and cartage	5,979	6,104
Light and power	28,242	25,754
Payroll tax	14,576	7,462
Provision – Employee benefits	18,998	14,079
Repairs and maintenance	6,141	1,184
Replacements	1,765	1,266
Staff meals and amenities	3,095	3,088
Staff training	-	1,444
Staff uniforms	4,469	1,304
Stocktaker's fees	-	3,801
Superannuation	24,834	20,009
Wages	279,776	276,626
Workers compensation insurance	12,673	12,433
	422,701	400,278
<b>Net Profit</b>	32,814	89,669
Gross Profit Bar	58.02%	61.25%

The Bar Trading Statement is to be read in conjunction with the Disclaimer set out on page 41.

# Windsor & District RSL Sub-Branch Club Limited

## Supplementary Information to the Financial Statements For the Year Ended 31 March 2007

### Schedule 3

#### Functions

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Functions Revenue	96,180	22,810
	<hr/>	<hr/>
<b>Less: Expenses</b>		
Advertising	2,957	5,405
Bar cost of sales	15,367	5,253
Cleaning	-	1,176
Hire party equipment, etc.	2,922	1,722
Light and power	3,726	2,031
Replacements – General	1,771	1,291
Repairs and maintenance	-	100
Wages	8,400	2,890
	<hr/>	<hr/>
	35,143	19,868
	<hr/>	<hr/>
<b>Contribution</b>	61,037	2,942
	<hr/>	<hr/>

The Functions Statement is to be read in conjunction with the Disclaimer set out on page 41.

# Windsor & District RSL Sub-Branch Club Limited

## Supplementary Information to the Financial Statements For the Year Ended 31 March 2007

### Schedule 4

### Catering Trading Statement

	2007 \$	2006 \$
Sales	347,594	2,891
<hr/>		
<b>Less: Cost of Goods Sold</b>		
Opening Stock	-	-
Purchases	225,173	2,717
<hr/>		
	225,173	2,717
<b>Less: Closing Stock</b>	18,750	-
<hr/>		
	206,423	2,717
<hr/>		
<b>Gross Profit</b>	141,172	174
<hr/>		
<b>Less: Expenses</b>		
Advertising	264	-
Café Bar catering	240	-
Catering requisites	5,631	3,460
Cleaning	16,843	6,893
Depreciation	11,522	10,259
Laundry	2,709	-
Light and power	15,225	14,534
Payroll tax	10,410	569
Provision – Employee entitlement	13,265	-
Repairs and maintenance	14,913	6,940
Replacements	8,048	-
Staff meals and amenities	470	-
Staff training	1,067	-
Staff uniforms	3,329	502
Subsidy	-	10,000
Superannuation	16,581	1,542
Telephone	980	(85)
Wages	278,658	14,039
Workers compensation insurance	2,263	2,143
<hr/>		
	402,418	70,796
<hr/>		
<b>Net Loss</b>	(261,246)	(70,622)
<hr/>		

The Catering Trading Statement is to be read in conjunction with the Disclaimer set out on page 41.

# Windsor & District RSL Sub-Branch Club Limited

## Supplementary Information to the Financial Statements For the Year Ended 31 March 2007

### Schedule 5

### Units and Villa Trading Statement

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Rent Received	18,238	26,005
	<hr/>	<hr/>
<b>Less: Expenses</b>		
Cleaning	-	2,551
Depreciation	13,590	24,114
Insurance	1,414	624
Land tax	4,100	3,856
Light and power	481	1,557
Rates and taxes	2,456	6,395
Repairs and maintenance	-	5,455
Strata levies	341	3,012
Sundry expenses	-	229
	<hr/>	<hr/>
	22,382	47,793
	<hr/>	<hr/>
<b>Net Loss</b>	<b>(4,144)</b>	<b>(21,788)</b>
	<hr/> <hr/>	<hr/> <hr/>

The Units and Villa Trading Statement is to be read in conjunction with the Disclaimer set out on page 41.



# Windsor & District RSL Sub-Branch Club Limited

## Supplementary Information to the Financial Statements For the Year Ended 31 March 2007

### Schedule 6

### Keno Trading Statement

	2007 \$	2006 \$
Keno sales	42,144	38,225
	<hr/>	<hr/>
<b>Less: Expenses</b>		
Cleaning	2,979	4,062
Depreciation	3,134	2,845
Light and power	1,863	1,784
Payroll tax	2,580	1,435
Printing and stationery	-	2,621
Provision – Employee benefits	1,866	552
Repairs and maintenance	1,580	1,993
Staff training	-	1,136
Superannuation	4,383	3,849
Wages	60,355	47,534
Workers compensation insurance	2,195	2,147
	<hr/>	<hr/>
	80,935	69,958
	<hr/>	<hr/>
<b>Net Loss</b>	(38,791)	(31,733)
	<hr/> <hr/>	<hr/> <hr/>

The Keno Trading Statement is to be read in conjunction with the Disclaimer set out on page 41.

# Windsor & District RSL Sub-Branch Club Limited

## Supplementary Information to the Financial Statements For the Year Ended 31 March 2007

### Schedule 7

#### TAB Trading Statement

	2007 \$	2006 \$
TAB Commissions	6,403	7,155
<b>Less: Expenses</b>		
Cleaning	803	1,091
Depreciation	3,134	2,845
Light and power	1,863	1,784
Payroll tax	2,613	1,724
Printing and stationery	775	597
Provision – Employee benefits	1,865	536
Superannuation	4,436	4,619
TAB promotions	2,283	2,868
Wages	59,280	42,857
Workers compensation insurance	2,195	2,147
	79,247	61,068
<b>Net Loss</b>	<b>(72,844)</b>	<b>(53,913)</b>

The TAB Trading Statement is to be read in conjunction with the Disclaimer set out on page 41.

# Windsor & District RSL Sub-Branch Club Limited

## Supplementary Information to the Financial Statements For the Year Ended 31 March 2007

### Schedule 8

### Entertainment Trading Statement

	2007 \$	2006 \$
<b>Income</b>		
Entertainment revenue	13,570	18,177
	<hr/>	<hr/>
<b>Less: Expenses</b>		
Advertising	23,614	14,124
Anzac Day	1,975	6,094
Annual general meeting	762	1,346
Apra and other licences	3,769	2,569
Artists	79,960	15,677
Bands	42,750	58,831
Café Bar	251	(235)
Christmas kids	2,786	2,801
Cleaning	1,088	1,784
Entertainment	12,082	2,693
Film hire	-	2,718
Light and power	1,528	1,429
Management fee	2,050	4,150
Melbourne Cup	9,955	4,842
Payroll tax	517	304
Provision – Employee benefits	1,088	1,944
Sky Channel	35,848	28,202
Sound projectionist	-	1,285
Superannuation	876	770
Wages	718	3,123
Workers compensation insurance	569	643
	<hr/>	<hr/>
	222,181	155,094
	<hr/>	<hr/>
<b>Net Loss</b>	(208,611)	(136,917)
	<hr/>	<hr/>

The Entertainment Trading Statement is to be read in conjunction with the Disclaimer set out on page 41.

# Windsor & District RSL Sub-Branch Club Limited

## Supplementary Information to the Financial Statements For the Year Ended 31 March 2007

### Schedule 9

### Promotions Trading Statement

	2007 \$	2006 \$
<b>Income</b>		
Promotions revenue	243,566	224,708
	<hr/>	<hr/>
<b>Less: Expenses</b>		
Advertising	53,017	30,545
Australia Day	17,177	-
Bat the Bomb	866	-
Bingo – Expense	62,181	51,565
Cleaning	2,724	3,719
Deal or No Deal	327	-
Happy Hour	7,297	18,068
Klub Kash	18	4,681
Light and power	2,238	2,139
Market – Expense	130,899	132,480
Payroll tax	2,163	2,011
Poker tournament	5,305	-
Promotions	206,297	165,565
Provision – Employee benefits	4,137	5,423
Raffles	68,825	72,516
Superannuation	3,666	5,388
Wages	50,528	54,496
Workers compensation insurance	2,187	1,970
	<hr/>	<hr/>
	619,852	550,566
	<hr/>	<hr/>
<b>Net Loss</b>	(376,286)	(325,858)
	<hr/> <hr/>	<hr/> <hr/>

The Promotions Trading Statement is to be read in conjunction with the Disclaimer set out on page 41.

# Windsor & District RSL Sub-Branch Club Limited

## Supplementary Information to the Financial Statements For the Year Ended 31 March 2007

### Schedule 10

### Administration and Operating Expenses

	2007	2006
	\$	\$
Accountancy	32,039	28,621
Advertising	8,067	12,227
Armguard and security	-	103
Audit	15,601	15,000
Bank charges and government duties	5,931	6,402
Borrowing expenses	15,513	18,096
Bus expenses	94,136	76,267
Cash shortages	885	751
Cleaning	30,489	15,416
Club Journal	12,550	8,503
Computer maintenance and service	10,418	11,918
Consultancy	23,880	19,512
Depreciation	191,211	175,978
Directors expenses	25,151	22,397
Donations	32,888	53,001
Floral tributes	1,252	696
Fringe benefits tax	7,025	12,225
Garden and garden requisites	7,279	7,669
Insurance	40,418	46,114
Legal fees	-	2,050
Licences and fees	14,246	15,004
Light and power	7,461	8,674
Light and power – Mushroom farm	2,844	1,660
Loss on sale of non-current assets	-	20,829
Membership cards	2,374	4,315
Mortality payments	800	1,212
Motor vehicle expenses	7,359	3,705
Mushroom farm – rates, fees, etc.	12,574	13,239
Payroll tax	16,252	10,850
Printing, stationery and postage	18,919	13,339
Provision – Employee benefits	34,316	31,422
Rates and taxes	2,015	15,047
Repairs and maintenance – Building	3,136	1,312
Repairs and maintenance – General	44,757	43,376
Replacements – General	10,556	14,805
Rubbish removal	7,296	7,198

Administration and Operating Expenses are to be read in conjunction with the Disclaimer set out on page 41.

Supplementary Information to the Financial Statements  
For the Year Ended 31 March 2007

Schedule 9

Administration and Operating Expenses (continued)

	2007	2006
	\$	\$
Security	34,948	19,811
Sporting functions, prizes and supplies	6,670	1,546
Staff meals and amenities	5,416	4,831
Staff training	4,582	4,426
Staff uniforms	1,831	1,935
Sundry expenses	4,517	4,090
Superannuation	21,463	22,459
Telephone	17,424	14,438
Termination benefits	27,305	-
Wages – Administration and general	298,999	278,282
Wages – Cleaning	4,044	18,024
Workers compensation insurance	12,894	12,650
<b>Total</b>	<b>1,179,731</b>	<b>1,121,425</b>

Administration and Operating Expenses are to be read in conjunction with the Disclaimer set out on page 41.