



**PANANIA-EAST HILLS RSL  
CLUB LIMITED**

**Trading as**

**PANANIA DIGGERS  
ABN 41 001 043 116**

**CONCISE REPORT**

**31 DECEMBER 2008**

The financial statements and other specific disclosures have been derived from Panania-East Hills RSL Club Limited's full financial report for the financial year. Other information included in the concise financial report is consistent with the Company's full financial report.

The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financial report.

A copy of the Company's 2008 Annual Financial Report, including the independent audit report, is available to all members and will be sent to members without charge upon request.

# BOARD OF MANAGEMENT



**G. Murray**  
President



**G Bellamy**  
Snr Vice President



**R A Burton**  
Jnr Vice President



**G W Coleman**  
Director



**W Crowe**  
Director



**A. Carrington**  
Director



**R Ashburn**  
Director



**G R Hallgath**  
Chief Executive Officer



**A Farrell**  
Operations Manager

## LIFE MEMBERS

**R A Birch +**  
**W Drysdale +**  
**A J Godfrey +**  
**J Samuelson +**

**E B Cullen +**  
**L W Eickenloff +**  
**L T P Murphy +**  
**R Sharp**

**B G Cummings +**  
**S R Fitzpatrick +**  
**N Riley**  
**G Murray**

## **PRESIDENT'S REPORT**

My first Report to members as President of Panania Diggers is tinged with sadness as we again acknowledge the passing of Len Eickenloff on the 15<sup>th</sup> August 2008 at the age of 83. Len proudly served this Club as President for 35 years until ill health forced him to decline to stand for office at the 2008 Annual General Meeting. Always remembered as an outstanding leader, fine community citizen and loyal friend, Len and his wife Fay have contributed immeasurably to the success of our Club.

After consultation with our four neighbouring high schools, the Board has established \$1,000 educational scholarships at each school to be presented annually in recognition of Len's contribution to our community.

In preparation for this Report I again read the 2008 President's Report and noted the cautious optimism that the tough times following the increased gaming tax and smoking bans may be over. As all members are aware, greater uncertainty soon followed as the world economy and financial systems began unravelling in early 2008. Unfortunately many clubs in NSW have failed to cope with these additional burdens including over 40 having closed or seeking amalgamation in that year.

As such it is pleasing to report that your club is now well positioned to ride out these daunting challenges following the implementation of a number of strategic initiatives developed in late 2007. Some of these decisions were distressing and difficult but necessary to ensure your club will survive and prosper.

In mid 2008 we closed our bowling greens and a number of intra clubs. The former greens area is now occupied by an extension to 'The Green' however we have deferred refurbishment of the Sports Pavilion area pending further analysis on alternative uses.

After seeking member's permission, the Deepwater Motorboat Club property was sold for \$2,080,000 (plus GST) in January 2009 with settlement due in March 2009. In addition, the Club negotiated a long term lease over portions of the site plus a very attractive support package for our boaties to ensure the continuation of motorboat racing at Deepwater.

The funds derived from the sale will be utilised in extinguishing debt and improvements to the Panania clubhouse with the balance placed in interest bearing bank deposits. The Board is considering a number of proposals to reinvigorate the Panania premises and will advise members of their plans in the near future. 'The Green' continues to draw praise as a wonderful innovation for all the family and will feature highly in our refurbishment plans.

Throughout the year your Board continued to monitor all cost centres to identify operational savings, a process of review ensuring we continue to provide the best possible facilities and services in a responsible and financially prudent manner.

As such, it is pleasing to report membership expansion of 8% to over 9,000 members, an astonishing figure for a small suburban RSL club. All income sectors experienced growth during the period apart from the well publicized issues with gaming income.

Many members would be aware 2009 marks the 50<sup>th</sup> anniversary of the granting of the Club's liquor licence in 1959. Further information on celebrating this milestone later in the year will be forwarded to members shortly.

In closing I wish to acknowledge the hard work and commitment of my fellow Directors during a most difficult year, the excellent work of our staff led by CEO Guy Hallgath and the unwavering support of the many sporting and social groups who call Panania Diggers their home.

Garry Murray  
President  
Panania Diggers

## CHIEF EXECUTIVE OFFICER'S REPORT

It was with great sadness I report Len Eickenloff passed away on the 15<sup>th</sup> August 2008 after a long illness. Throughout his 35 years as President Len was served by two Chief Executive Officers, the late Ted Golsby and I. Throughout his tenure Len was the foundation on which our club grew and prospered, an always reliable source of practiced and skilled advice, guidance and friendship.

In particular, his counsel during my early years in this position was much sought and invaluable. He will be remembered warmly by all at Panania Diggers.

No doubt members are aware of endless press reports of doom and gloom within the club industry as smoking bans, escalating gaming taxation and the weakened financial climate bite hard into the club industry's traditional revenue sources. While Panania Diggers was not immune to the general industry decline in gaming revenue, the Financial Report notes excellent growth in membership, beverage sales, Tab/Keno commission, gross poker machine takings and curtailed expenditure in all sectors.

However, the gaming revenue sector contributes 59% of our income. Consequently, a reduction in Net Poker Machine Income of 7% was the primary basis for the Panania premise's loss of \$145,991 for the financial year. Once off expenditure on bowling green write-offs (\$15,000) also impacted. Costs associated with the Deepwater property sale (\$22,210) pushed the trading loss at that premises to \$85,938.

While Panania Diggers has introduced a number of innovations to mitigate the affects of the July 2007 smoking bans and fully supports the Smoke Free Environment Act, the ongoing affect of the legislation remains the main impediment to profitability. Indeed, reductions in Net Poker Machine Income of \$435,379 in 2007 followed by a further reduction of \$220,373 this financial year starkly illustrate this situation. Remarkably, 2008 Gross Gaming Machine Income increased by \$577,101 (6%) yet a significant increase in payouts of \$797,474 (13%) resulted in a net decline from this sector.

Our President's Report explains the measures undertaken by your Board in late 2007 in response to this industry wide challenge including reductions in the club's operating expenditure base and most importantly, the successful sale of the Deepwater property.

Aside from being relieved of the onerous annual operating costs at the Milperra site, lengthy negotiations with the new owner have yielded a very attractive sponsorship package for our boaties allowing a significant reduction in ongoing financial support from Panania Diggers. These initiatives combined with the replacement of our loan commitments to our financiers with cash investments will allow a return to profitability in the 2009 year.

Further information and analysis on the 2009 Financial Reports is available on the Club's website [www.pananiadiggers.com.au](http://www.pananiadiggers.com.au). Members may elect to receive a printed copy by contacting the Club Office.

Many industry pundits have suggested 2008 was the most difficult year in memory for the club movement as our traditional revenue streams were battered by the bleak economic climate, new gaming tax regime, multitude of new legislation and increasing political intervention from the Federal sector. However, the measures implemented by your Board of Management will ensure the business will overcome these current challenges allowing members to look to the future with confidence. Indeed, Panania Diggers is fortunate in having a Board committed to the interests of all members and the fortitude to make the hard calls.

Finally I express my appreciation to all our hardworking and attentive staff, our excellent bistro personnel Citigroup Catering and the members of this great club.

Guy Hallgath  
Chief Executive Officer  
Panania Diggers

Panania East Hills RSL Club Ltd.

Trading as

Panania Diggers  
A.B.N. 41 001 043 116

**ANNUAL GENERAL MEETING  
will be held in the Clubrooms on  
Monday, 30<sup>th</sup> March 2009  
Commencing at 7.30pm**

**BUSINESS**

1. To confirm the Minutes of the Annual General Meeting held on the 31<sup>st</sup> March 2008.
2. To confirm the Minutes of the General Meeting of Members held on the 1<sup>st</sup> September 2008.
3. To receive and consider the Director's Report, President's Report and Chief Executive Officer's Report (Note 1).
4. To receive and consider the Financial Statements and Reports (Note 2).
5. To confirm the Auditors for 2009 year.
6. To approve Ordinary Resolutions detailing expenditure by the Club for Directors Benefits and Expenses (Note 3).
7. To deal with any other business of which due notice has been given (Note 4).
8. To deal with any other business that the meeting may approve of which due notice has not been given.

By Order of the Board of Management

Guy Hallgath  
Chief Executive Officer

## NOTES

### **Note 1: Directors Report, President's Report and Chief Executive Officer's Report.**

These Reports are available on the Club's website [www.pananiadiggers.com.au](http://www.pananiadiggers.com.au).

Members requiring a printed copy mailed free of charge are requested to contact the Club Office.

### **Note 2: Financial Statements and Reports.**

The Corporations Legislation Amendment (Simpler Regulatory Systems) Act 2007 has changed corporation law allowing Clubs to provide their annual report to members by publishing the Annual Report on the Club website.

Members may access the Concise Report on the Club's website [www.pananiadiggers.com.au](http://www.pananiadiggers.com.au). Members may still elect to receive a hardcopy, facsimile or email of the Annual Report (mailed free of charge), by contacting the Club Office.

Members are requested to advise the Chief Executive Officer in writing seven days before the date of the Annual General Meeting of any questions relating to the Financial Statements.

### **Note 3: Ordinary Resolutions Detailing Expenditure by the Club Directors Benefits and Expenses**

First Ordinary Resolution:

That pursuant to the Registered Clubs Act the Members approve expenditure by the Club to provide a uniform for Directors.

Second Ordinary Resolution:

That pursuant to the Registered Clubs Act the Members approve reasonable cost of meals and refreshments for Directors at Board Meetings and for entertainment of special guests.

Third Ordinary Resolution:

That pursuant to the Registered Clubs Act the Members approve reasonable expenditure by Directors and spouses where appropriate and required for attendance at the meetings of recognised associations and community or charitable functions within the Club industry including accommodation, fees, travelling and expenses.

Fourth Ordinary Resolution:

That pursuant to the Registered Clubs Act the Members approve reasonable expenditure by Directors for attendance at educational, training and professional development seminars, trade displays as well as ClubsNSW Annual General Meeting including accommodation, fees, travelling and expenses.

Fifth Ordinary Resolution:

That pursuant to the Registered Clubs Act the Members approve the Directors each receiving a car space at the Club for their use.

Sixth Ordinary Resolution:

That pursuant to the Registered Clubs Act the Members approve the Club paying each Director a honorarium of \$1,040.00 per annum with a additional \$2,080.00 being paid to the Chairman.

### **Note 4: Notice of Resolutions**

Any notice of Resolution for the Annual General Meeting shall be in writing and delivered to the Chief Executive Officer not less than fourteen days prior to the date set for the Annual General Meeting.

## **Information For Members**

### **Notice Regarding Section 47HA Registered Clubs Act Disclosures (Accountability and Governance)**

Members may request access to these schedules and disclosures by contacting the Club Office.

**PANANIA-EAST HILLS RSL CLUB LIMITED**  
**DIRECTORS' REPORT FOR YEAR ENDED 31 DECEMBER 2008**

The Directors present their report together with the financial statements of Panania-East Hills RSL Club Limited for the year ended 31 December 2008 and the auditors' report thereon.

**INFORMATION ON DIRECTORS:**

The names and qualifications of Directors at any time during or since the end of the financial year are:-

Leonard William Eickenloff  
President  
Retired 31 March 2008  
Age: 82

Retired, Member of the Committee of the unincorporated Club, Subscriber to the formation of the Company 1972, President since 1972, Life Member of Panania East Hills RSL Club Ltd. Deceased 15 August 2008

Garry Murray  
President  
From 31 March 08  
Age: 58

Elected to the Board 2006.  
Elected President 31 March 2008  
Welfare Officer for Panania RSL Sub Branch

Graeme D. Bellamy  
Vice President  
Age: 64

Elected to the Board 2003.  
Graduate of Asian Business Management (UNE).  
Graduate Business Ethics (UNE)  
Panania Sub-Branch 1991-2007.  
Panania RSL Sub Branch President from 2008  
Past Director Panania East Hills RSL Club 1991-1999.  
Public Officer Panania RSL Youth Club Inc.  
Retired Accountant.

Robert Alfred Burton  
Jnr Vice President  
From 31 March 08  
Age: 87

Elected to the Board 1999.  
Elected Jnr Vice President 31 March 2008  
Retired.  
Committee Member Panania RSL Sub Branch

Paul Judd  
Jnr Vice President  
Retired 31 March 2008  
Age: 72

Retired Police Sergeant  
Small Business Owner/Operator 42 years.  
R.S.L. Member 27 years.

George William Coleman  
Director  
Age: 66

Elected to the Board 1999.  
Retired  
Member of Panania East Hills RSL Club since 1978.

Wayne Crowe  
Director  
Age: 54

Elected to the Board 2004.  
Employed by the Office of Industrial Relations  
Member of Panania East Hills RSL Club over 21 years.  
Played cricket for Panania East Hills RSL Cricket Club, coached and/or managed junior cricket teams for this club and Bankstown District Junior Cricket Representative teams.  
Member of Panania East Hills RSL Snooker Club.

Ray Ashburn	Elected to the Board 2008.
Director	Retired
Age: 73	Member of Panania East Hills RSL Club since 2003. Panania RSL Sub Branch Hon. Secretary.

Alan Carrington	Elected to the Board 2008.
Director	Member of Panania East Hills RSL Club since 1998
Age: 33	Senior Accounts Manager, Advertising and Marketing Involved with Panania Youth Club Cricket and Soccer for 20 years, still active player.

#### ATTENDANCE AT CLUB BOARD MEETINGS

<b><u>No. of Meetings:</u> 15</b>	<b><u>Number</u> <u>Attended</u></b>	<b><u>Number</u> <u>Held</u> *</b>
L. W. Eickenloff	1	5
G. Bellamy	13	15
P. Judd	1	5
G. Murray	14	15
R. Burton	14	15
G. Coleman	14	15
W. Crowe	14	15
R Ashburn	8	11
A Carrington	11	11

\* Number of meetings held during the time the Director held office during the year

#### PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year consisted of the conduct and promotion of a licensed social club for members of the Company, this including the activities from the premises of both Panania-East Hills RSL and Deepwater Motor Boat Club.

#### MEMBERSHIP

The Club is a company limited by guarantee and without a share capital. The number of members at 31 December 2008 and a comparison with last year is as follows:

	<b><u>2008</u></b>	<b><u>2007</u></b>
Life Members	3	4
Returned Service League Members	251	270
Associate Members	8,513	7,784
Womens Auxiliary	12	12
Deepwater	<u>251</u>	<u>259</u>
	<u>9030</u>	<u>8,329</u>

#### REVIEW AND RESULTS OF OPERATIONS

The net loss for the year amounted to \$231,929 compared with a loss of \$206,301 for the prior year. This resulted after charging \$263,732 (2007 \$278,629) for depreciation and amortisation. Within the 2008 trading loss of \$231,929, the Deepwater Motor Boat Club premises incurred a loss of \$85,938 with the Panania-East Hills RSL Club premises recording a loss of \$145,991.

#### DIVIDENDS

The company is a non profit organisation and is prevented by its constitution from paying dividends.

#### STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

**ENVIRONMENTAL REGULATION**

The Company's operations are subject to various environmental regulations under either Commonwealth or State legislation.

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.

**EVENTS SUBSEQUENT TO BALANCE DATE**

In January 2009 the company exchanged contracts to sell the former Deepwater Motorboat Club land and buildings located at 31 Webster Street Milperra, with settlement to take place late February 2009.

As part of the sale process the Company negotiated a 10 year lease and licence over a portion of the property and buildings with the new owner. The Company will continue to support Deepwater Motorboat Club Inc. in it's participation in motorboat racing activities at the site.

Apart from the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

**LIKELY DEVELOPMENTS**

The hospitality industry will continue to be buffeted by the poor economic climate together with the ongoing effects of the smoking in enclosed places legislation. In addition, the Company's primary sources of income will be the subject of increased political intrusion and statutory responsibility. However, the ongoing reduction in the company's cost structure together with the proceeds from the sale of the Deepwater property will result in a significant increase in financial liquidity allowing a positive outlook for the business.

The funds received from the sale will be partly utilised in retiring the Company's borrowings and refurbishing the Childs Street building. The balance of the proceeds will be placed in long term interest bearing financial instruments.

**INDEMNIFICATION & INSURANCE OF OFFICERS**

The Company has provided for and paid premiums totalling \$6,605 during the year for current Directors and Officers Liability Insurance. The insurance is in respect of legal liability for damages and legal costs to a maximum of \$5,000,000 arising from claims made by reason of any omissions or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as Directors or Officers of the Company.

Signed in accordance with a resolution of the Directors  
Dated at Panania this 2<sup>nd</sup> day of February 2009.

.....  
G MURRAY, President

**PANANIA-EAST HILLS RSL CLUB  
INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
PANANIA-EAST HILLS RSL CLUB LIMITED**

**SCOPE**

We have audited the concise financial report of Panania-East Hills RSL Club Limited for the financial year ended 31 December 2008, consisting of the income statement, balance sheet, cash flow statement, accompanying notes, and the accompanying discussion and analysis on the income statement, balance sheet and the cash flow statement, set out on pages 6 to 11 in order to express an opinion on it to the members of the Company. The Company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Panania-East Hills RSL Club Limited for the year ended 31 December 2008. Our audit report on the full financial report was signed on 2 February 2009 and was not subject to a qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 Concise Financial Reports issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

**AUDIT OPINION**

In our opinion, the concise financial report of Panania-East Hills RSL Club Limited complies with AASB 1039 Concise Financial Reports.

ALLAN WILLIAM DONALD  
CHARTERED ACCOUNTANT

Sydney  
2 February 2009

**PANANIA-EAST HILLS RSL CLUB  
CONCISE FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**DIRECTORS' DECLARATION**

In the opinion of the directors of Panania-East Hills RSL Club Limited the accompanying concise financial report for the year ended 31 December 2008 set out on pages 6 to 11:

- (a) has been derived from or is consistent with the full financial report for the financial year; and
- (b) complies with accounting standard AASB 1039 Concise Financial Reports.

Dated at Panania this 2nd day of February 2009

Signed in accordance with a resolution of the directors

.....  
G.MURRAY  
President

**PANANIA-EAST HILLS RSL CLUB LIMITED**  
**Income Statement**  
**For the year ended 31 December 2008**

	Note	2008 \$	2007 \$
Revenue from sale of goods		1,589,326	1,550,676
Revenue from rendering of services		3,454,985	3,684,850
Other revenue from ordinary activities		<u>37,818</u>	<u>22,710</u>
Total revenue from ordinary activities		<u>5,082,129</u>	<u>5,258,236</u>
Cost of goods sold		(666,263)	(642,004)
Poker machine licences & taxes		(575,363)	(620,296)
Employment & staffing expenses		(1,610,022)	(1,605,443)
Entertainment, market. & prom. costs		(675,982)	(762,392)
Property expenses		(728,376)	(789,052)
Other expenses from ordinary activities		<u>(654,654)</u>	<u>(615,000)</u>
		<u>(4,910,660)</u>	<u>(5,034,187)</u>
Earnings before borrowing costs, tax, depreciation and amortisation		171,469	224,049
Depreciation and amortisation		(263,732)	(278,629)
Borrowing costs		(70,582)	(54,512)
Grants paid		<u>(69,084)</u>	<u>(97,209)</u>
<b>Profit/(Loss) from ordinary activities before related income tax expense</b>		<b>(231,929)</b>	<b>(206,301)</b>
Income tax expense relating to ordinary activities		<u>-</u>	<u>-</u>
Net profit/(loss) from ordinary activities		<u>(231,929)</u>	<u>(206,301)</u>
<b>Net Profit/(Loss)</b>	2	<u><u>(231,929)</u></u>	<u><u>(206,301)</u></u>

The income statement is to be read in conjunction with the discussion and analysis set out on pages 15 and 16.

# PANANIA-EAST HILLS RSL CLUB LIMITED

## Balance Sheet

As at 31 December 2008

	Notes	2008 \$	2007 \$
<b>Current Assets</b>			
Cash and Cash Equivalents		59,900	57,451
Trade and Other Receivables		31,240	2,110
Inventories		43,006	41,278
Other Current Assets		56,604	50,916
<b>Total Current Assets</b>		<u>190,750</u>	<u>151,755</u>
<b>Non Current Assets</b>			
Property, Plant and Equipment		4,768,910	4,758,563
<b>Total Non Current Assets</b>		<u>4,768,910</u>	<u>4,758,563</u>
<b>Total Assets</b>		<u>4,959,660</u>	<u>4,910,318</u>
<b>Trade and Current Liabilities</b>			
Trade and Other Payables		389,452	266,806
Short Term Borrowings		469,415	381,860
Short Term Provisions		270,318	281,312
Other Current Liabilities		26,931	29,773
<b>Total Current Liabilities</b>		<u>1,156,116</u>	<u>959,751</u>
<b>Non Current Liabilities</b>			
Long Term Borrowings		287,802	226,505
Long Term Provisions		63,349	41,586
Other Non Current Liabilities		21,933	20,087
<b>Total Non Current Liabilities</b>		<u>373,084</u>	<u>288,178</u>
<b>Total Liabilities</b>		<u>1,529,200</u>	<u>1,247,929</u>
<b>Net Assets</b>		<u>3,430,460</u>	<u>3,662,389</u>
<b>Members' Funds</b>			
Retained Earnings	2	<u>3,430,460</u>	<u>3,662,389</u>
<b>Total Members' Funds</b>		<u>3,430,460</u>	<u>3,662,389</u>

The balance sheet is to be read in conjunction with the discussion and analysis set out on pages 15 and 16.

**PANANIA-EAST HILLS RSL CLUB LIMITED**  
**Cash Flow Statement**  
**For the year ended 31 December 2008**

	Note	2008 \$	2007 \$
<b>Cash Flows from Operating Activities</b>			
Cash receipts in the course of operations		5,520,382	5,763,893
Cash payments in the course of operations		(5,344,942)	(5,704,271)
<b>Net Cash Provided by Operating Activities</b>		<u>175,440</u>	<u>59,622</u>
<b>Cash Flows from Investing Activities</b>			
Payment for property, plant & equipment		(289,079)	(166,165)
Proceeds on disposal of plant & equipment		37,818	22,710
Interest received		-	-
<b>Net Cash Used in Investing Activities</b>		<u>(251,261)</u>	<u>(143,455)</u>
<b>Cash Flows from Financing Activities</b>			
Interest paid		(70,582)	(51,503)
Additional/(Repayment) of borrowings		85,681	26,068
<b>Net Cash Provided by Financing Activities</b>		<u>15,099</u>	<u>(25,435)</u>
<b>Net Increase/(Decrease) in Cash Held</b>		(60,722)	(109,268)
<b>Cash at the Beginning of the Financial Year</b>		<u>(205,504)</u>	<u>(96,236)</u>
<b>Cash at the End of the Financial Year</b>		<u><u>(266,226)</u></u>	<u><u>(205,504)</u></u>

The cash flow statement is to be read in conjunction with the discussion and analysis set out on pages 15 and 16.

**PANANIA-EAST HILLS RSL CLUB  
CONCISE FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2008  
DISCUSSION AND ANALYSIS**

**Income Statement**

An income statement separating the operation of Panania-East Hills RSL with Deepwater Motor Boat Club has been provided as additional information, this showing

- A Deepwater loss of \$85,938 (2007 \$85,328), the 2008 result including the once off expenditure on the legal & other costs totalling \$22,210 incurred in preparing for the sale of the Deepwater Land & Buildings.
- Panania recording a loss of \$145,991 (2007 \$120,973), this due primarily to the reduction in Poker Machine income of \$220,373, a more detailed explanation being provided below.

The combination of the above has resulted in the Club incurring a loss of \$231,929 (2007 \$206,301), a more detailed analysis of Panania being shown below. Please note we have excluded Deepwater from further analysis as it really did not trade, only receiving some \$1,289 of income from social functions & hire of the premises

An analysis of Panania' 2008 results by department reveals the following

- Bar Trading – continued trading profitably with an increase of over 5% in income and 7% or \$31,551 in contribution towards profit, a slight reduction in the gross profit % being offset by an improvement in bar labour productivity when measuring bar wages as a % of bar income.
- Poker Machine Trading – the contribution of \$1,884,903 or 59% of income was some 5% below last year due primarily to a 7% decrease in net income. A closer look at this shows the gross income actually increased some 6%, however the significant increase in payouts or return to players of 13% caused the 7% decrease described above. This decrease was partly offset by lower taxes with savings in other expenditure being primarily due to the extra profit on the trade ins received from the upgrade of our poker machines.
- Promotions Expenditure – a revamp of our promotions during the year has assisted us in achieving a saving of \$29,781 or 9% on the 2007 net expenditure, this thought to be prudent during these difficult trading conditions.
- Bowling Greens – shows a reduction of \$13,177 in the net cost after incurring a once up \$15,000 book loss upon the dismantling of the greens in the 2<sup>nd</sup> half of the 2008 year, this again being necessary during these times of difficult trading conditions.
- Other Income – Increased by some 8% or \$13,188 due to growth in membership numbers, functions held and commission income from both Keno & TAB.
- Other Expenses – Excluding bistro depreciation, expenditure decreased by \$15,593 or 0.67% on the 2007 year, this being prudent due to the difficult trading conditions presently being experienced.

**PANANIA-EAST HILLS RSL CLUB  
CONCISE FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2008  
DISCUSSION AND ANALYSIS (continued)**

**Balance Sheet**

The Company's net assets decreased commensurate with the trading loss detailed above.

Significant movements during the year include:

- Increase in trade debtors of \$29,130 and other current assets of \$9,865.
- Increase of \$122,616 in Other Creditors & Accruals, this being primarily due to the extension of time allowed to pay the club's poker machine tax, it being available to all clubs on application
- Increase in both Short & Long Term Borrowings of \$148,852, this being by way of leases & commercial hire purchase and offset somewhat by the reduction in bank loans of \$33,028, the borrowings being used primarily for the acquisition of poker machines & ongoing refurbishment of Club facilities.
- Increase in provisions for employee entitlements of \$10,769.

**Cash Flow Statement**

Operating activities provided net cash of \$175,440, this being an increase of \$115,818 or 194% over the 2007 year and mainly due to the extension of time allowed to pay the poker machine taxes.

Payments of \$289,079 for property, plant and equipment were \$122,194 higher than the previous year, the funds primarily being provided via lease & hire purchase finance as described above.

The net negative cash position of \$266,226 represents a \$60,722 increase from the previous negative position of \$205,504.

# PANANIA-EAST HILLS RSL CLUB LIMITED

## Notes to the Financial Statements Concise Financial Report For the Year Ended 31 December 2008

### Basis of preparation

The concise financial report has been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 1039 Concise Financial Reports and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB 1039 have been derived from the Company's full financial report. Other information included in the concise financial report is consistent with the Company's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The financial report has been prepared in accordance with the Australian Equivalents to International Financial Reporting Standards (IFRS).

It has been prepared on an accruals basis and is based on historical costs and except where stated, does not take into account changing money values or fair values of assets.

### 2. Retained profits

	2008	2007
	\$	\$
Retained profits at beginning of year	3,662,389	3,868,690
Net profit/(loss)	<u>(231,929)</u>	<u>(206,301)</u>
Retained profits at the end of the year	<u>3,430,460</u>	<u>3,662,389</u>

### 3. Event Subsequent to balance date

In January 2009 the company exchanged contracts to sell the former Deepwater Motorboat Club land and buildings located at 31 Webster Street Milperra, with settlement to take place late February 2009.

As part of the sale process the Company negotiated a 10 year lease and licence over a portion of the property and buildings with the new owner. The Company will continue to support Deepwater Motorboat Club Inc. in its participation in motorboat racing activities at the site. Apart from the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in further financial years.

**PANANIA-EAST HILLS RSL CLUB LIMITED  
FINANCIAL STATEMENTS AND REPORTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**DISCLAIMER**

The additional financial information presented on page 13 is in accordance with the books and records of Panania-East Hills Club Limited which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 31 December 2008. It will be appreciated that our statutory audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

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

ALLAN WILLIAM DONALD  
Chartered Accountant

**ADDITIONAL FINANCIAL INFORMATION**  
**PANANIA-EAST HILLS RSL CLUB LIMITED**  
**Income Statement by Premises**  
**For the year ended 31 December 2008**

	Note	Panania- East Hills \$	Deepwater Motor Boat \$
Revenue from sale of goods		1,589,326	-
Revenue from rendering of services		3,453,696	1,289
Other revenue from ordinary activities		<u>37,818</u>	<u>-</u>
Total revenue from ordinary activities		<u>5,080,840</u>	<u>1,289</u>
Cost of goods sold		(666,263)	-
Poker machine licences & taxes		(575,363)	-
Employment & staffing expenses		(1,610,022)	-
Entertainment, market. & prom. costs		(675,982)	-
Property expenses		(678,551)	(49,825)
Other expenses from ordinary activities		<u>(632,322)</u>	<u>(22,332)</u>
		<u>(4,838,503)</u>	<u>(72,157)</u>
Earnings before borrowing costs, tax, depreciation and amortisation		242,337	(70,868)
Depreciation and amortisation		(248,662)	(15,070)
Borrowing costs		(70,582)	-
Grants paid		<u>(69,084)</u>	<u>-</u>
<b>Profit/(Loss) from ordinary activities before related income tax expense</b>		<b>(145,991)</b>	<b>(85,938)</b>
Income tax expense relating to ordinary activities		<u>-</u>	<u>-</u>
Net profit/(loss) from ordinary activities		<u>(145,991)</u>	<u>(85,938)</u>
<b>Net Profit/(Loss)</b>		<u><u>(145,991)</u></u>	<u><u>(85,938)</u></u>

This income statement summarises the trading activity separately for both the Panania-East Hills and Deepwater Motor Boat Clubs. The total of these agree with the Company's Income Statement on page 12 of the financial statements.

## **AT THE GOING DOWN OF THE SUN**

It is with sincere regret that your Board of Directors record the passing of members of the Club during the year. To their relatives and friends we extend our sincere condolences in their bereavement.

<i>L. Watson</i>	<i>M. J. Walker</i>	<i>D. Hodge</i>	<i>B. Hayward</i>
<i>J. Banks</i>	<i>C. Newbery</i>	<i>B. Jones</i>	<i>G. Franke</i>
<i>D. Dalton</i>	<i>F. Taylor</i>	<i>J. Caruana</i>	<i>D. Ingram</i>
<i>M. Jackson</i>	<i>J. Temple</i>	<i>J. Doyle</i>	<i>C. Wright</i>
<i>L. O'Sullivan</i>	<i>C. Robertson</i>	<i>H. Turner</i>	<i>T. Johansen</i>
<i>J. Seville</i>	<i>M. O'Connor</i>	<i>J. Hamilton</i>	<i>D. Robson</i>
<i>E. McCall</i>	<i>W. Ryan</i>	<i>J. Hicks</i>	<i>I. Laut</i>
<i>F. Ratcliff</i>	<i>M. Wright</i>	<i>H. Callaghan</i>	<i>B. Taylor</i>
<i>B. Appleby</i>	<i>J. Mullard</i>	<i>C. Bond</i>	<i>H. Rolph</i>
<i>D. Buddee</i>	<i>W. Mackay</i>	<i>E. McGhee</i>	<i>E. Hockey</i>
<i>P. Beeton</i>	<i>J. Wasley</i>	<i>C. Abraham</i>	<i>V. Hayman</i>
<i>B. Hearn</i>	<i>I. McGettigan</i>	<i>L. W. Eickenloff</i>	<i>S. Burrows</i>
<i>P. Poulter</i>	<i>R. Windshuttle</i>	<i>B. Dower</i>	<i>S. Ballard</i>
<i>P. Oldham</i>	<i>J. Sullivan</i>	<i>R. O'Brien</i>	<i>E. Hodgins</i>
<i>E. Stewart</i>	<i>S. Koltai</i>	<i>W. Logan Snr</i>	<i>E. Goold</i>
<i>H. Quick</i>	<i>K. Cook</i>	<i>E. Shipley</i>	<i>P. Waud</i>
<i>T. Rigby</i>	<i>R. Devine</i>	<i>N. Copas</i>	

## **LEST WE FORGET**