

Malabar RSL Club – Members update

Over the past months the Directors have been approached by many members requesting information about what is happening with the property and the long term future of the Club. The Board has prepared the following that will hopefully answer most of your questions.

Legal update from the Clubs Solicitor

"The Club is currently involved in two legal disputes. The first relates to alleged defamatory statements made by Mr Shaw in his "President's Report" published in the Sub-Branch Newsletter of September 2010 which caused a considerable fall in earnings for the Club. The second relates to the Club's entitlement as beneficial owner of the Club premises and the land upon which the Club is situated. The Club will keep you advised on both matters as information becomes available." The Board and CEO are working tirelessly to best protect the interests of the Club and to ensure its future growth".

Craig Powell – Partner
Thomsons Lawyers

Legal Costs

The Club will this year face more legal fees, while it fights to protect the assets of the members and ensure the long term viability of the Club at its present location. Last November was the first step when the members voted overwhelmingly to change the Club Constitution with assets no longer automatically going to the Sub Branch if the Club was forced into winding up. The Board thanks you for your support at that meeting and requests your continued support with securing the long term future of the Club. As per the update from the Clubs Solicitor, the Club is in the process of preparing a legal case for the "Club's entitlement as beneficial owner of the Club premises and the land upon which the Club is situated."

If successful this would mean that the Club would own the Club building and land. There would be no more leases to negotiate and the Club could improve the site for members without the threat of one day having the building sold. While this is a battle that the Club would prefer not to be in, the Board has no option as they have to look after the interest of all the members and the sale of the property would result in the Club having to relocate, which the members do not want.

The Board asks for your continued support as this is the only way to ensure Malabar RSL exists at its current location.

2010 Financial Result

The Club reported a loss of \$355,267 for the financial year, however the available cash increased \$63,796 to \$402,186. The cash flow and trading remain positive which means that the Club can pay all its bills when they are due and is not at risk of becoming insolvent. A large part of the loss relates to depreciation, several corrections from previous year's accounts and write off's for items on the balance sheet that had no value. Another cost that was not budgeted for was \$115,796 in legal fees, as the Board has been forced to engage a legal team to protect the current site of the Club from being sold.

Letter from the Auditor

When the CEO started he was asked to review all the Clubs Service providers to determine if the Club could save money and or get better service or value for money. As part of this review the Audit service was also looked at and several proposals were put to the Board. The Board agreed that PKF was the best firm to recommend to the members as they are Club specialists auditing over 40 Clubs in NSW including several Clubs with turnover in excess of \$20million a year. PKF in Sydney has 41 Partners and over 350 staff. Nationally they have 14 offices, 106 Partners and over 1,000 staff with international associates in 119 countries.

PKF with its extensive resources was a better value and in the Boards opinion the best option to put to the members as the Clubs new Auditor. Under ASIC rules the current auditor is allowed to write to the members if he is asked to resign and refuses.

The auditor's original letter has been redacted by the Club's lawyers on legal advice

Thanking you for your understanding and support
Trevor Grant President
On Behalf of the Board and the CEO