



**2011**  
**WAGGARSL CLUB**  
**ANNUAL REPORT**  
(INC COMMERCIAL CLUB WAGGA)

# TABLE OF CONTENTS

|                                     |    |
|-------------------------------------|----|
| ■ Notice of Annual General Meeting  | 2  |
| ■ Notice of Resolutions             | 3  |
| ■ President's Report                | 6  |
| ■ Directors' Report                 | 8  |
| ■ Fifty Years of Service            | 10 |
| ■ Auditors Independence Declaration | 12 |
| ■ Statement of Comprehensive Income | 13 |
| ■ Statement of Financial Position   | 14 |
| ■ Statement of Changes in Equity    | 16 |
| ■ Statement of Cash Flows           | 17 |
| ■ Notes to the Financial Statements | 18 |
| ■ Directors' Declaration            | 37 |
| ■ Auditor's Report                  | 38 |
| ■ Detailed Profit and Loss Account  | 40 |

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Wagga RSL Club Ltd will be held on Wednesday, 12th October 2011 at 7.00pm at the Club premises, Dobbs St, Wagga Wagga.

## Business

1. To receive and consider the report of the Directors
2. To receive and consider the Financial Statements:
  - a) Trading Profit and Loss Account
  - b) Statement of Comprehensive Income
  - c) Statement of Financial Position
  - d) Statement of Cash Flows
  - e) Statement of Changes in Equity
  - f) Notes to Financial Accounts
3. To receive and consider the Auditors Report
4. To declare the election of the Directors for the ensuing period
5. To confirm the appointment of the Auditors
6. Any other relevant business of which due notice has been given.

By order of the Board of Directors.



**Andrew Bell**  
General Manager

## NOTICE OF RESOLUTIONS

### ORDINARY RESOLUTION 1

“That pursuant to the Registered Clubs Act 1976, as amended, the members hereby approve and agree to the members of the Board and Senior Management during the period preceding the next Annual General Meeting receiving the following benefits and the members further acknowledge that the benefits outlined in subparagraphs (a) to (i) are not available to members generally, but, only to those members who are elected to the Board of Directors of the Club, or Senior Managers;

- a) Reasonable meals and refreshments for each Director in conjunction with each Board or Committee Meeting;
- b) Reasonable costs or expenses in relation to the professional development and education of Directors and Managers including:-
  - (i) Attending meetings of associations of which the Club is a member or Managers or Directors of the Club are members;
  - (ii) Attending seminars, lectures, trade displays, organised study tours, fact finding tours and other similar events as may be determined by the Board from time to time;
  - (iii) Attending other registered clubs or gaming premises for the purpose of observing their facilities and methods of operation;
  - (iv) Attending conferences and training sessions in relation to their roles and responsibilities under the Registered Clubs Act, the Corporation Act 2001 and any other relevant legislation.
- c) Reasonable costs or expenses of attending functions whilst representing the Club with partners where appropriate;
- d) Reasonable costs or expenses of traveling by either private or public transport to and from Directors or other duly constituted meetings held within the Club or elsewhere;
- e) Reasonable costs or expenses in relation to such other duties including entertainment of special guests of the Club and other promotional activities approved by the Board;
- f) Reasonable costs or expenses in relation to the provision of uniforms and associated apparel for the use of each Director or Senior Manager when representing the Club;
- g) The provision of a specially reserved parking space at the Club for the use of the President when attending the Club to carry out his duties;
- h) Reasonable costs or expenses in relation to presentations to members (other than in the form of money) or to other persons to acknowledge services, which in the opinion of the Directors, were of benefit to the Club;
- i) Reasonable costs or expenses relating to the sponsorship by payment of money or provision of benefits to such sporting events, sports or community organisations, which, in the opinion of the Directors will be beneficial to the Club or the community over and above such expenditure required under the Community Development Support Expenditure Scheme.”

## Explanatory Message

Pursuant to the requirements of the Registered Clubs Act 1976, the Club is required at each Annual General Meeting to have approved by Ordinary Resolution, the benefits to be provided to the Directors of the Club. The benefits, which are provided, are the standard benefits to have been provided to Directors of the Club over a number of years. The purpose of this Resolution is to comply with the requirements of the Registered Clubs Act.

### Notes to Members Regarding Ordinary Resolution 1

To be passed, Ordinary Resolution 1 must receive a simple majority of votes in its favour from those persons present at the Meeting who are eligible to vote. Proxy voting is not permitted under the Registered Clubs Act.

### ORDINARY RESOLUTION 2:

Approval of Honoraria for Directors for the year 2011/2012.

“That pursuant to the Registered Clubs Act 1976, as amended, the members hereby approve and agree to the members of the Board, during the period preceding the next Annual General Meeting receiving Honoraria for the positions named, and the sums referred to below, in respect of services rendered to the Club and the members further acknowledge that the Honoraria are not available to members generally, but only those members who are elected to the Board of Directors of the Club:

- (i) \$12,500 to the President
- (ii) \$7,000 to the Vice President
- (iii) \$3,000 to each other Director”

## Explanatory Message

Pursuant to the requirements of the Registered Clubs Act 1976, the Club is required to have the Honoraria for Directors approved by the members at the Annual General Meeting. The Honoraria have increased from those paid in the previous period to reflect the increasing burden of responsibility for Directors in terms of governance, compliance and corporate responsibility. These are the first increases for several years. The Board of Directors have also suggested that the Honoraria be adjusted on a Consumer Price Index (CPI) basis in future years. This will be reflected in next year’s Annual Report. The purpose of this Resolution is to comply with the requirements of the Registered Clubs Act.

### Notes to Members Regarding Ordinary Resolution 2

To be passed, Ordinary Resolution 2 must receive a simple majority of votes in its favour from those members present at the Meeting who are eligible to vote. Proxy voting is not permitted under the Registered Clubs Act. The Board recommends Ordinary Resolution 2 to the Meeting.



# PRESIDENT'S REPORT

FOR YEARENDED

30 JUNE 2011

I am extremely proud to present my third annual presidents report.

For the Wagga RSL Club to operate at its best it is imperative to have strong, intelligent people who are engaged to make the best decisions, I believe we have a board who does this. Mr Phillip Elliott (Vice President), Mr Peter Thomas (Finance Chairman), Mr Phillip McIntosh, Mr John Gray, Mr Rodney (Foot) Porter and our newest director Mrs Sally Whitley have represented the club in an exceptional manner.

For your club to perform at the highest level you also need intelligent and respected leadership. At this point I would like to thank Mr Andrew Bell, your General Manager of both the Wagga RSL and Commercial Clubs. Andrew's extensive knowledge of the industry has been invaluable. Andrew is supported by a dedicated management team who continue to excel to ensure both clubs progress forward. Thanks also to the administration staff who also perform at the extreme level. A special thanks goes to Cath Harmer (life member) for her faithful support. We congratulate Cath on her fifty years of employment at the Wagga RSL Club this November.

The RSL Club and the Commercial Club expect a level of excellence with all catering and bar staff. Patrons often remark on the high quality of service they receive from our

hard working staff, thank you all. This is a reflection of the great example shown by our committed duty managers.

I must also take the time to thank Mr Graeme Boland and his team at the Commercial Club for the good work they are doing to return this club back to another strong club for members and visitors to our great city.

During the year we have been in battle on two fronts. First we strongly opposed and application for 284 poker machine licenses at the South Wagga Bowling Club. While secondly, we have had an independent politician from Tasmania pressing the Gillard Government to introduce gambling restrictions to play poker machines. This mandatory pre commitment bill will take away your rights to enjoy a flutter of your own choice. Should both of the above be approved this would greatly affect your club.

Despite these challenges I am proud to announce a strong trading profit of \$931,059 for the past twelve months trading. I thank every member and visitor for using the clubs facilities. Without your support the club would not be the success that it is today. It is heart-warming to see the large number of patrons enjoying great meals at our four food outlets. The Club Grill and the Deli Café at the RSL Club continue to excel and I congratulate Nathan Gale and his team for their efforts. The Pearl City Chinese restaurant

at the RSL Club continues to serve exceptional Asian food thanks to proprietors Allan & Ivy Cheng and their wonderful team. 'Benny's' at the Commercial Club is becoming a popular choice due to the dedication of Benny & Ann Cheng and their supportive employees. Our dining options are varied and the standard remarkable.

I am proud of our clubs modern facilities. With continual updating the clubs continue to provide our patrons with a very comfortable and safe environment to socialise in. The most recent renovation has been the construction of a lift at the RSL Club. This is expected to be completed by September 2011. A current priority of the board and management is to prepare for the future of its clubs through a master plan which is currently being completed.

The clubs continue to diversify its income stream. Real estate is a major component of this. Your club has a number of real estate assets including a large holding in the RSL Motel, homes in Dobbs and Goonigul Avenue and the most recent being the construction of units in Gurwood St – these assets show the financial strength of the clubs.

November 2010 saw the club in partnership with the Wagga Wagga City Council to host the 2010 NSW Bowls Open. This was the first time this prestigious event has been held outside of Sydney. The event proved to be a huge success as a result of the commitment shown by a number of people. Thanks to Max Sanbrook (President of the RSL Bowling

Club) and his team, and to all the ladies at the Duke of Kent Bowling Club. Our capable greens staff Gerard Suckling and Logan Franklin prepared the rinks to an impeccable standard, for that I thank you. Due to the success of the event, Bowls NSW has decided to return to Wagga for the 2011 NSW Bowls Open. This is an exceptional event for the city of Wagga and we are proud to be a part of it.

Another proud achievement has been the registration of the Riverina Carers Fund Inc. This will provide support to carers and family who look after disadvantaged and disabled relatives and friends. These amazing people will be given the opportunity to take a break and have some time to themselves. This fund will benefit the Wagga and district community and we are anticipating support from many local individuals and businesses to ensure the fund remains active.

I close with saying to each and all who are associated with the clubs, my sincerest appreciation.



**Mr John Keyes**  
President

# DIRECTORS REPORT

## FOR YEAR ENDED 30 JUNE 2011

Your directors present their report on the company for the financial year ended 30 June 2011.

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

| Name                               | Years of Service | Occupation      | Meetings Attended |
|------------------------------------|------------------|-----------------|-------------------|
| John Keyes (President)             | 13               | Retired         | 10/12             |
| Phillip Elliott (Vice President)   | 4                | Manager         | 12/12             |
| John Gray                          | 7                | Retired         | 11/12             |
| Phillip McIntosh                   | 4                | General Manager | 11/12             |
| Rodney Porter                      | 3                | Proprietor      | 12/12             |
| Peter Thomas                       | 3                | Manager         | 12/12             |
| Sally Whitley (Appointed Oct 2010) | 1                | Accountant      | 9/9               |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Operating Profit

The profit of the company for the financial year after providing for income tax amounted to \$931,059.

### Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

### Principal Activities

The principal activities of the company during the financial year were the operation of a licensed club. No significant change in the nature of these activities occurred during the year.

### After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which 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.

### Future Developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

### Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

### Dividends

In accordance with the Articles of Association, the Company is a company limited by guarantee to the extent of \$2.00 per member and accordingly no shares or debentures have been issued and no dividends have been recommended or paid, since the start of the financial year.

### Indemnifying Officer or Auditor

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a willful breach of duty in relation to the company.

Mr. John Keyes

Mr Rodney Porter

Mr. John Gray

Mr Peter Thomas

Mr. Phillip McIntosh

Mrs Sally Whitley

Mr. Phillip Elliott

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

Signed in accordance with a resolution of the Board of Directors:



**Mr John Keyes**  
President



**Mr Phillip Elliott**  
Vice President

Dated this 23rd day of August 2011

# FIFTY YEARS OF SERVICE

## CATHRYN HARMER

This November the RSL will be honouring the commitment and dedication of staff member Cathryn Harmer who is celebrating 50 years of employment at the Club. She is the longest serving employee within the club.

Cathryn began her employment at the club in 1961, hired by the then Manager Wally Spokes. Back then the club was much smaller and she ran the office almost singlehandedly, a Jill of all trades.

For the past 50 years Cath has managed to juggle working at the club, motherhood and family life and has seen many changes around the Club particularly major changes in the building itself, from the original Goonigul Homestead to the way it appears today. She believes technology however has had the most impact.

“The big change over the years has been the technology and computer work. Poker machines used to only take coins; shillings and pence, and you had to manually pull the handle to start it. The pokie machine reads I used to have to write up in a whooping big book. Now it is all automated and computerised.”

The club holds many fond personal memories for her, as both her daughter's wedding receptions were held at the RSL Club, but being made the first female life member in 2005 is a particularly special memory; “That was a very proud moment for me. I felt very honoured. Not too many people, women particularly, become life members.”

Although she retired from full time work in 2003, she continues her service to the club by returning to work once a week in administration. Clearly dedicated to her job, this quiet achiever says that she has worked at RSL for so long because she enjoys her job, the atmosphere and working conditions of the Club and the many friendships she has formed over the years. “I wouldn't be here for 50 years if I didn't love it!”



“ I wouldn't be here for 50 years if I didn't love it!”

# AUDITOR'S INDEPENDENCE DECLARATION

## UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF WAGGA RSL CLUB LIMITED

I hereby declare, that to the best of my knowledge and belief, during the year ended 30 June 2011 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.



**John L Bush & Campbell**  
Chartered Accountants



**Mr Peter J King**  
Partner

Dated this 23rd day of August 2011

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

|  | Note | 2011 (\$)   | 2010 (\$)   |
|--|------|-------------|-------------|
| Revenue  | 2    | 11,591,521  | 12,508,021  |
| Changes in inventories                         |      | 39,062      | 19,565      |
| Purchases                                      |      | (1,194,755) | (1,398,419) |
| Accountancy expenses                           |      | (44,798)    | (31,393)    |
| Auditor's remuneration                         | 3    | (37,525)    | (33,700)    |
| Bad and doubtful debt expenses                 |      | -           | (1,598)     |
| Buildings & maintenance expenses               |      | (2,368,919) | (1,672,337) |
| Depreciation and amortisation expenses         |      | (1,032,310) | (854,669)   |
| Directors' fees                                |      | (29,959)    | (21,295)    |
| Employee benefits expenses                     |      | (3,388,035) | (3,412,895) |
| Impairment expense                             |      | -           | (33,200)    |
| Members expenses and donations                 |      | (2,056,468) | (2,176,007) |
| Other expenses                                 |      | (546,755)   | (958,702)   |
| <b>Profit (Loss) before income tax</b>         |      | 931,059     | 1,933,371   |
| Income Tax Expense                             | 5    | -           | -           |
| <b>Profit for the year</b>                     |      | 931,059     | 1,933,371   |
| <b>Other comprehensive income:</b>             |      |             |             |
| Net gain on revaluation of non-current assets  |      | -           | 2,580,735   |
| <b>Other comprehensive income for the year</b> |      | -           | 2,580,735   |
| <b>Total comprehensive income for the year</b> |      | 931,059     | 4,514,106   |

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

|                                 | Note | 2011 (\$)         | 2010 (\$)         |
|---------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                   |      |                   |                   |
| <b>CURRENT ASSETS</b>           |      |                   |                   |
| Cash and cash equivalents       | 6    | 266,710           | 305,291           |
| Trade and other receivables     | 7    | 31,877            | 44,233            |
| Inventories                     | 8    | 173,959           | 134,897           |
| Other current assets            | 9    | 11,597            | 28,457            |
| <b>TOTAL CURRENT ASSETS</b>     |      | <b>484,143</b>    | <b>512,878</b>    |
| <b>NON-CURRENT ASSETS</b>       |      |                   |                   |
| Financial assets                | 10   | 1,971,737         | 1,957,834         |
| Property, plant and equipment   | 11   | 16,699,133        | 16,422,546        |
| Investment property             | 12   | 2,451,088         | 2,000,635         |
| Intangible assets               | 13   | 1,702,092         | 1,702,092         |
| <b>TOTAL NON-CURRENT ASSETS</b> |      | <b>22,824,050</b> | <b>22,083,107</b> |
| <b>TOTAL ASSETS</b>             |      | <b>23,308,193</b> | <b>22,595,985</b> |

The accompanying notes form part of these financial statements.

|                                      | Note | 2011 (\$)         | 2010 (\$)         |
|--------------------------------------|------|-------------------|-------------------|
| <b>LIABILITIES</b>                   |      |                   |                   |
| <b>CURRENT LIABILITIES</b>           |      |                   |                   |
| Trade and other payables             | 14   | 753,803           | 771,553           |
| Financial liabilities                | 15   | 1,065,619         | 3,075,313         |
| Provisions                           | 16   | 314,693           | 324,932           |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>2,134,115</b>  | <b>4,171,798</b>  |
| <b>NON-CURRENT LIABILITIES</b>       |      |                   |                   |
| Financial liabilities                | 15   | 2,416,943         | 598,111           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>2,416,943</b>  | <b>598,111</b>    |
| <b>TOTAL LIABILITIES</b>             |      | <b>4,551,058</b>  | <b>4,769,909</b>  |
| <b>NET ASSETS</b>                    |      | <b>18,757,135</b> | <b>17,826,076</b> |
| <b>EQUITY</b>                        |      |                   |                   |
| Reserves                             |      | 1,706,639         | 1,706,639         |
| Retained earnings                    |      | 17,050,496        | 16,119,437        |
| <b>TOTAL EQUITY</b>                  |      | <b>18,757,135</b> | <b>17,826,076</b> |

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

|   | Retained Earnings (\$) | Asset Revaluation Reserve (\$) | Total (\$) |
|---|------------------------|--------------------------------|------------|
| <b>Balance at 1 July 2009</b>                 | 14,186,066             | -                              | 14,186,066 |
| Profit attributable to equity                 | 1,933,371              | -                              | 1,933,371  |
| Total other comprehensive income for the year | -                      | 2,580,735                      | 2,580,735  |
| Transfer from reserves                        | -                      | (874,096)                      | (874,096)  |
| <b>Balance at 30 June 2010</b>                | 16,119,437             | 1,706,639                      | 17,826,076 |
| Profit attributable to equity                 | 931,059                | -                              | 931,059    |
| <b>Balance at 30 June 2011</b>                | 17,050,496             | 1,706,639                      | 18,757,135 |

The accompanying notes form part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

|   | Note | 2011 (\$)   | 2010 (\$)   |
|---|------|-------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |      |             |             |
| Receipts from customers                             |      | 11,457,653  | 11,459,489  |
| Payments to suppliers and employees                 |      | (9,527,690) | (9,981,227) |
| Dividends received                                  |      | 142,950     | 81,135      |
| Interest received                                   |      | 1,372       | 5,921       |
| Finance Costs                                       |      | (150,656)   | (279,015)   |
| <b>Net cash provided by operating activities</b>    | 20   | 1,923,629   | 1,286,303   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |      |             |             |
| Proceeds from sale of property, plant and equipment |      | -           | 15,909      |
| Payments for property, plant and equipment          |      | (1,759,347) | (1,536,363) |
| Payments for investments                            |      | (12,000)    | -           |
| Cash Introduced through Merger                      |      | -           | 46,442      |
| <b>Net cash used in investing activities</b>        |      | (1,771,347) | (1,474,012) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>         |      |             |             |
| Net repayment of borrowings                         |      | (128,416)   | (190,408)   |
| <b>Net cash used in financing activities</b>        |      | (128,416)   | (190,408)   |
| Net increase (decrease) in cash held                |      | 23,866      | (378,117)   |
| Cash at beginning of financial year                 |      | (170,022)   | 208,095     |
| Cash at end of financial year                       | 6    | (146,156)   | (170,022)   |

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED

30 JUNE 2011

## NOTE 1

### Statement Of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards – Reduced Disclosure Regime, and complies with other requirements of the law.

The financial report of Wagga RSL Club Limited (including Wagga Wagga Commercial Club) as an individual entity, incorporated and domiciled in Australia. Wagga RSL Club Limited is a company limited by guarantee.

### Early adoption of Accounting Standards

The Directors have elected under s.334(5) of the Corporations Act 2001 to apply AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements' in advance of their effective dates. AASB 1053 and AASB 2010-2 are not required to be applied until annual reporting periods

beginning on or after 1 July 2013. The impact of the adoption of these standards is disclosed at note 1 to the financial statements.

### Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### Accounting Policies

#### Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

#### Property, Plant & Equipment

Each class of property, plant and equipment is carried either at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

#### Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations by external independent valuers, less subsequent depreciation.

Increases in the carrying amount arising on revaluation of property, plant & equipment are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

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.

#### Plant & equipment

Plant & equipment is measured on the cost basis less any depreciation and impairment losses.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over the assets useful life.

The depreciation rates used for each class of depreciable assets are:

| Class Of Fixed Asset | Depreciation Rate |
|----------------------|-------------------|
| Buildings            | 2.5%              |
| Plant & Equipment    | 10-40%            |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance 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 the carrying amount. These gains or losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

## Financial Instruments

### Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expenses to profit or loss immediately.

### Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## Intangibles

Poker machine licences and water licences are recorded at either cost or deemed cost and have an infinite life. Licences are assessed annually for impairment.

### Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

### Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

### Cash & Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or

less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

### Revenue & Other Income

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods.

Poker machine revenue is shown net of Gaming Machine Tax that was paid to the Office of State Revenue.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows net of any GST.

### Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## Adoption Of New & Revised Accounting Standards

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. Other than AASB 1053 and AASB 2010-2 the company has decided against early adoption of these standards.

### Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recorded in an asset and a liability equal to present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

## Income Tax

The mutuality principle has been applied to the calculation of the company's income tax. The club has estimated that the assessable proportion of mutual income represented by results of trading attributable to non members of the company is to be 14%.

## Trade & Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

## Critical Accounting Estimates & Judgments

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company

## Key Estimates

The freehold land and buildings were independently valued at 30 June 2010 by Cosgraves Property Advisers. The valuation was based on fair value in use for financial reporting purposes assuming part of a viable going concern. The critical assumptions adopted in determining the valuation include the location of the land and buildings.

## Application of new and revised Accounting Standards

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

*AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'*

AASB 1053 establishes a differential financial reporting framework consisting of two tiers of reporting requirements for general purpose financial statements, comprising Tier 1: Australian Accounting Standards and Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements (RDR). AASB 2010-2 makes amendments to each Standard and Interpretation indicating the disclosures not required to be made by 'Tier 2' entities or inserting 'RDR' paragraphs requiring simplified disclosures for 'Tier 2' entities. The adoption of these standards has resulted in significantly reduced disclosures, largely in respect of income tax, segments, impairment, related parties, share-based payments, financial instruments and cash flows.

The financial statements were authorised for issue by the board of directors at the date of signing.

## NOTE 2

### Revenue & Other Income

|                                | 2011 (\$)         | 2010 (\$)         |
|--------------------------------|-------------------|-------------------|
| <b>Revenue</b>                 |                   |                   |
| Sale of goods                  | 2,598,762         | 3,008,839         |
| Dividends received             | 142,950           | 81,135            |
| Interest received              | 1,372             | 5,921             |
| Poker Machine Income           | 7,491,545         | 7,183,807         |
| Commissions                    | 273,048           | 213,646           |
| Sundry Income                  | 721,370           | 601,965           |
| Membership Subscriptions       | 153,302           | 153,955           |
| Gain/(loss) on Investments     | 20,544            | 40,400            |
| Rental                         | 188,628           | 174,493           |
|                                | <u>11,591,521</u> | <u>11,464,161</u> |
| <b>Other Income</b>            |                   |                   |
| Gain on Acquisition of         | -                 | 974,352           |
| Commercial Club                |                   |                   |
| Sundry Refunds                 | -                 | 69,508            |
|                                | <u>-</u>          | <u>1,043,860</u>  |
| Total revenue and other income | 11,591,521        | 12,508,021        |

## NOTE 3

### Auditor's Remuneration

|                               | 2011 (\$)     | 2010 (\$)     |
|-------------------------------|---------------|---------------|
| <b>Auditor's Remuneration</b> |               |               |
| Audit Services                | 30,800        | 24,000        |
| Other Services                | 6,725         | 9,700         |
|                               | <u>37,525</u> | <u>33,700</u> |

## NOTE 4

### Profit

|   | 2011 (\$) | 2010 (\$) |
|---|-----------|-----------|
| <b>Significant Expenses</b>                   |           |           |
| Cost of sales                                 | 1,155,693 | 1,378,854 |
| Depreciation of property, plant and equipment | 1,032,310 | 854,669   |
| Bad Debts Written Off                         | -         | 1,598     |
| Loss on Disposal of assets                    | -         | 13,669    |

**NOTE5****Income Tax Expense**

|   | 2011 (\$)  | 2010 (\$)  |
|---|------------|------------|
| <b>The components of tax expense comprise:</b>          |            |            |
| Income Tax Expense                                      | -          | -          |
| The Prima facie tax on profit from ordinary activities. |            |            |
| <b>Sales Revenue</b>                                    |            |            |
| Mutual Income   | 12,816,263 | 10,582,873 |
| Fully Taxable   | 703,856    | 673,979    |
| Non Taxable (exempt income)                             | 153,302    | 126,545    |
|   | 13,673,421 | 11,383,397 |
| <b>Taxable Income</b>                                   |            |            |
| Non member's income (14%)                               | 1,794,277  | 1,438,026  |
| Fully taxable income                                    | 703,856    | 673,979    |
|   | 2,498,133  | 2,112,005  |
| <b>Allowable Expenses</b>                               |            |            |
| Non members expenses                                    | 1,578,024  | 1,300,634  |
| Fully deductible expenses                               | 666,170    | 786,721    |
| Prior years tax losses utilised                         | 49,723     | -          |
|   | 2,293,917  | 2,087,356  |

|  | 2011 (\$) | 2010 (\$) |
|--|-----------|-----------|
| Taxable income                             | 204,216   | 24,649    |
| Tax at 30%                                 | 61,264    | 7,395     |
| Less tax effect of:                        |           |           |
| - Franking credits                         | 61,264    | 33,750    |
| Income tax attributed to the entity        | -         | (26,355)  |
| Carried forward tax losses to future years | 2,271,774 | 2,321,497 |

**NOTE6****Cash & Cash Equivalents**

|   | 2011 (\$) | 2010 (\$) |
|---|-----------|-----------|
| Cash on Hand  | 253,142   | 253,094   |
| Term Deposits   | 9,401     | 9,152     |
| Gaming Savings Account  | 4,166     | 43,045    |
|   | 266,710   | 305,291   |
| <b>Reconciliation Of Cash</b>   |           |           |
| Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows: |           |           |
| Cash & Cash Equivalents   | 266,710   | 305,291   |
| Bank Overdraft (Note 14)  | (412,867) | (475,313) |
|   | (146,156) | (170,022) |

**NOTE7****Trade & Other Receivables**

|                | 2011 (\$) | 2010 (\$) |
|----------------|-----------|-----------|
| <b>Current</b> |           |           |
| Trade Debtors  | 31,877    | 44,233    |
|                | 31,877    | 44,233    |

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

**i) Provision for Impairment of Receivables**

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. No trade receivables have been impaired.

**ii) Credit Risk – Trade and Other Receivables**

The company does not have any material credit risk exposure to any single receivable or group of receivables.

**NOTE8****Inventories**

|                | 2011 (\$) | 2010 (\$) |
|----------------|-----------|-----------|
| <b>Current</b> |           |           |
| At cost:       |           |           |
| Stock on Hand  | 173,959   | 134,987   |

**NOTE 8****Inventories**

|                | 2011 (\$) | 2010 (\$) |
|----------------|-----------|-----------|
| <b>Current</b> |           |           |
| At cost:       |           |           |
| Stock on Hand  | 173,959   | 134,987   |

**NOTE 9****Other Current Assets**

|                | 2011 (\$) | 2010 (\$) |
|----------------|-----------|-----------|
| <b>Current</b> |           |           |
| Prepayments    | 11,597    | 28,457    |

**NOTE 10****Financial Assets**

|   | 2011 (\$) | 2010 (\$) |
|---|-----------|-----------|
| <b>Non-Current</b>                      |           |           |
| Long Service Leave Investment Portfolio | 395,636   | 372,879   |
| Shares in Listed Companies              | 16,101    | 24,955    |
| Shares RSL Club Motel                   | 1,560,000 | 1,560,000 |
|   | 1,971,737 | 1,957,834 |

**NOTE 11****Property, Plant & Equipment**

|                                     | 2011 (\$) | 2010 (\$) |
|-------------------------------------|-----------|-----------|
| <b>LAND AND BUILDINGS</b>           |           |           |
| <b>Freehold land at fair value:</b> |           |           |
| Club Land                           | 1,550,000 | 1,550,000 |
| Commercial Club Land                | 800,000   | 800,000   |
|                                     | 2,350,000 | 2,350,000 |

|                                 |            |            |
|---------------------------------|------------|------------|
| <b>Buildings at fair value:</b> |            |            |
| Buildings RSL Club              | 9,480,912  | 9,110,000  |
| Buildings Golf Club             | 100,000    | 100,000    |
| Buildings Commercial Club       | 2,195,586  | 2,165,000  |
| Less accumulated depreciation   | (290,775)  | (3,125)    |
|                                 | 11,485,723 | 11,371,875 |
| <b>Total Land and Buildings</b> | 13,835,723 | 13,721,875 |

**PLANT AND EQUIPMENT**

|  |             |             |
|--|-------------|-------------|
| <b>Plant and Equipment:</b>                |             |             |
| At Cost                                    | 8,173,161   | 7,279,578   |
| Less: accumulated depreciation             | (5,309,751) | (4,578,907) |
| <b>Total Plant and Equipment</b>           | 2,863,410   | 2,700,671   |
| <b>Total Property, Plant and Equipment</b> | 16,699,133  | 16,422,546  |

**Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

|                                     | Freehold Land (\$) | Buildings (\$) | Plant & Equipment (\$) | Total (\$)  |
|-------------------------------------|--------------------|----------------|------------------------|-------------|
| Balance at 1 July 2009              | 830,000            | 8,882,417      | 2,273,435              | 11,985,852  |
| Additions                           | -                  | 603,359        | 933,004                | 1,536,363   |
| Disposals                           | -                  | -              | (29,577)               | (29,577)    |
| Revaluation increments/(decrements) | 1,439,000          | 1,395,586      | -                      | 2,834,586   |
| Depreciation expense                | -                  | (278,487)      | (576,181)              | (854,668)   |
| Transferred on Merger               | 81,000             | 769,000        | 99,990                 | 949,990     |
| Balance at 30 June 2010             | 2,350,000          | 11,371,875     | 2,700,671              | 16,422,546  |
| Additions                           | -                  | 401,252        | 893,580                | 1,294,832   |
| Depreciation expense                | -                  | (287,404)      | (730,844)              | (1,018,248) |
| Carrying amount at 30 June 2011     | 2,350,000          | 11,485,723     | 2,863,410              | 16,699,133  |

**NOTE 12****Investment Property**

|                                | 2011 (\$) | 2010 (\$) |
|--------------------------------|-----------|-----------|
| Land – at fair value           | 1,490,000 | 1,490,000 |
| Buildings – at fair value      | 1,026,932 | 562,418   |
| Less: accumulated depreciation | (65,844)  | (51,783)  |
|                                | 2,451,088 | 2,000,635 |

**NOTE 13****Intangible Assets**

|                                      | 2011 (\$) | 2010 (\$) |
|--------------------------------------|-----------|-----------|
| Poker Machine Entitlements           | 1,569,292 | 1,569,292 |
| Water Licences                       | 254,850   | 254,850   |
| Less: Accumulated Impairment Expense | (122,050) | (122,050) |
|                                      | 132,800   | 132,800   |
| Total                                | 1,702,092 | 1,702,092 |

**NOTE 14****Trade and Other Payables**

|                     | 2011 (\$) | 2010 (\$) |
|---------------------|-----------|-----------|
| <b>Current</b>      |           |           |
| Accrued Expenditure | 230,751   | 192,300   |
| Trade Creditors     | 332,466   | 334,521   |
| Other Creditors     | 11,500    | 15,450    |
| GST Payable         | 179,086   | 229,282   |
|                     | 753,803   | 771,553   |

**NOTE 15****Financial Liabilities**

|                          | 2011 (\$) | 2010 (\$) |
|--------------------------|-----------|-----------|
| <b>Current</b>           |           |           |
| Bank Overdraft           | 475,313   | 144,251   |
| Loans - Bank             | 600,000   | 39,600    |
| Commercial Bill          | 2,000,000 | 3,250,000 |
| Total current borrowings | 3,075,313 | 3,433,851 |
| <b>Non-Current</b>       |           |           |
| Loans - Bank             | 598,111   | 98,919    |
| Total Borrowings         | 3,673,424 | 3,532,770 |

**NOTE 16****Provisions**

|                                     | 2011 (\$) | 2010 (\$) |
|-------------------------------------|-----------|-----------|
| Provision for Employee Entitlements | 324,932   | 316,108   |
| <b>Total provisions</b>             | 324,932   | 316,108   |

**NOTE 17****Reserves****Asset Revaluation Reserve**

The asset revaluation reserve records the revaluations of non current assets.

**NOTE 18****Key Management Personnel Compensation**

|                    | 2011 (\$) | 2010 (\$) |
|--------------------|-----------|-----------|
| Total Compensation | 21,295    | 17,691    |

**NOTE 19****Related Party Transactions**

Transactions between related parties are on normal commercial terms and conditions. These terms and conditions are no more favourable than those available to other parties unless otherwise stated.

**NOTE 20****Cash Flow Information**

|   | 2011 (\$) | 2010 (\$)   |
|---|-----------|-------------|
| Reconciliation of Cash Flow from Operations with Profit after Income Tax                        |           |             |
| Profit (Loss) after income tax  | 931,059   | (1,933,371) |
| Non-cash flows in profit  |           |             |
| Loss on sale of non-current assets  | -         | 13,669      |
| Change in net market value  | (1,903)   | (40,400)    |
| Bad debts written off   | -         | 1,598       |
| Depreciation  | 1,032,310 | 854,669     |
| Impairment Expense  | -         | 33,200      |
| Gain on Merger  | -         | (974,352)   |
| Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries |           |             |
| (Increase) Decrease in current inventories  | (39,062)  | 411         |
| (Increase) Decrease in current receivables  | 12,356    | 79,971      |
| (Increase) Decrease in other assets   | 16,860    | 95,064      |
| Increase (Decrease) in trade creditors  | (17,753)  | (687,159)   |
| Increase (Decrease) in provisions   | (10,239)  | (23,739)    |
|   | 1,923,629 | 1,286,303   |

**NOTE 21****Changes to Accounting Policies**

The Directors reviewed the Company's accounting policies in 2011 and the following changes were motioned and passed. The effect of these changes on the financial statements of the Company is shown below:-

**(a) Plant and Equipment**

In 2011 the company changed its accounting policy to record Plant & Equipment at cost. Previously plant & equipment was held at its revalued amount. This change had the following effect on the comparative figures in the financial statements:

|                               | (\$)      |
|-------------------------------|-----------|
| Decrease Depreciation Expense | 136,207   |
| Decrease Revaluation Reserve  | 2,323,094 |
| Decrease Plant & Equipment    | 3,033,952 |
| Decrease Retained Earnings    | 847,065   |

**(b) Subscriptions in Advance**

The company changed its accounting policy to record all members subscriptions as revenue when they are received. This is due to the subscriptions not be refundable. This change had the following effect on the comparative figures in the financial statements:

|                                   | (\$)   |
|-----------------------------------|--------|
| Decrease Subscriptions in Advance | 40,364 |
| Increase Members Subscriptions    | 40,364 |

**(c) Intangible Assets – Poker Machine Licences**

It was identified that on acquisition of both the Wagga Golf Club and the Wagga Commercial Club, poker machine entitlements were not recorded as a gain on acquisition. This was adjusted in 2011 and had the following effect on the comparative figures in the financial statements:

|   | (\$)    |
|---|---------|
| Increase Poker Machine Licences (Commercial Club) | 485,100 |
| Increase Gain on Acquisition of Commercial Club   | 485,100 |
| Increase Poker Machine Licences (Golf Club)       | 252,000 |
| Increase Retained Earnings                        | 252,000 |
|   | (\$)    |
| Increase Water Licences                           | 254,850 |
| Increase Retained Earnings                        | 254,850 |

**(d) Intangible Assets – Water Licences**

In 2010 water licences held by the club were written off. These licences were re-introduced in 2011 and had the following effect on the comparative figures in the financial statements:

**(e) Impairment – Intangible Assets**

The carrying value of the water licences in 2009 and 2010 exceeded their recoverable amount. Impairment losses have been reflected in the comparative figures of the financial statements as follows:

|                                      | (\$)    |
|--------------------------------------|---------|
| Decrease Retained Earnings           | 88,850  |
| Increase Impairment Expense          | 33,200  |
| Increase Accumulated Impairment Loss | 122,050 |

**(f) Investment Property**

When investment property was revalued it was recorded against the asset revaluation reserve instead of being recorded as revenue. This adjustment has the following effect on the comparative figures in the financial statements:

|                                    | (\$)    |
|------------------------------------|---------|
| Decrease Asset Revaluation Reserve | 419,308 |
| Increase Retained Earnings         | 419,308 |

The below table represents the above changes to the 2010 financial statements

|                               | Note            | Original Balance  | Adjustment         | Restated Balance  |
|-------------------------------|-----------------|-------------------|--------------------|-------------------|
| <b>ASSETS</b>                 |                 |                   |                    |                   |
| Cash and cash equivalents     |                 | 305,291           | -                  | 305,291           |
| Trade and other receivables   |                 | 44,233            | -                  | 44,233            |
| Inventories                   |                 | 134,897           | -                  | 134,897           |
| Other current assets          |                 | 28,457            | -                  | 28,457            |
| Financial assets              |                 | 1,957,834         | -                  | 1,957,834         |
| Property, plant and equipment | (a)             | 21,457,133        | (3,033,952)        | 18,423,181        |
| Intangible assets             | (c)(d)(e)       | 832,192           | 869,900            | 1,702,092         |
| <b>TOTAL ASSETS</b>           |                 | <b>24,760,037</b> | <b>(2,164,052)</b> | <b>22,595,985</b> |
| <b>LIABILITIES</b>            |                 |                   |                    |                   |
| Trade and other payables      |                 | 771,553           | -                  | 771,553           |
| Financial liabilities         |                 | 3,673,424         | -                  | 3,673,424         |
| Provisions                    |                 | 324,932           | -                  | 324,932           |
| Other current liabilities     | (b)             | 40,364            | (40,364)           | -                 |
| <b>TOTAL LIABILITIES</b>      |                 | <b>4,810,273</b>  | <b>(40,364)</b>    | <b>4,769,909</b>  |
| <b>NET ASSETS</b>             |                 | <b>19,949,764</b> | <b>(2,123,688)</b> | <b>17,826,076</b> |
| <b>EQUITY</b>                 |                 |                   |                    |                   |
| Asset Revaluation Reserve     | (a)(f)          | 4,449,041         | (2,742,402)        | 1,706,639         |
| Opening Retained Earnings     | (a)(c)(d)(e)(f) | 14,195,824        | (9,757)            | 14,186,067        |
| 2010 Profit                   | (a)(b)(c)(e)    | 1,304,900         | 628,471            | 1,933,371         |
| <b>TOTAL EQUITY</b>           |                 | <b>19,949,764</b> | <b>(2,123,688)</b> | <b>17,826,076</b> |

**NOTE 22****Financial Risk Management**

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

|                                    | Note | 2011 (\$)          | 2010 (\$)          |
|------------------------------------|------|--------------------|--------------------|
| <b>Financial Assets</b>            |      |                    |                    |
| Cash and cash equivalents          | 6    | 266,710            | 305,291            |
| Trade and other receivables        | 7    | 31,877             | 44,233             |
| <b>Total Financial Assets</b>      |      | <b>298,587</b>     | <b>349,524</b>     |
| <b>Financial Liabilities</b>       |      |                    |                    |
| Trade and other payables           | 14   | 753,803            | 771,553            |
| Financial liabilities              | 15   | 3,482,562          | 3,673,424          |
| <b>Total Financial Liabilities</b> |      | <b>4,236,365</b>   | <b>4,444,977</b>   |
|                                    |      | <b>(3,937,778)</b> | <b>(4,095,453)</b> |

## Financial Risk Management Policies

The Board of Directors overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects of financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include credit risk policies and future cash flow requirements.

## Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

### a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential no-performance by counterparties of contract obligations that could lead to a financial loss for the company.

The company does not have any material credit risk exposure.

### b. Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts and commercial bills have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities.

Financial liability and financial asset maturity analysis

|  | Within 1 Year      |                    | 1 - 5 Years        |                  | Over 5 Years |           | Total              |                    |
|--|--------------------|--------------------|--------------------|------------------|--------------|-----------|--------------------|--------------------|
|  | 2011 (\$)          | 2010 (\$)          | 2011 (\$)          | 2010 (\$)        | 2011 (\$)    | 2010 (\$) | 2011 (\$)          | 2010 (\$)          |
| <b>Financial liabilities due for payment</b>         |                    |                    |                    |                  |              |           |                    |                    |
| Trade and other payables                             | 753,803            | 771,553            | -                  | -                | -            | -         | 753,803            | 771,553            |
| Financial liabilities (bank overdraft)               | 412,867            | 475,313            | -                  | -                | -            | -         | 412,867            | 475,313            |
| Financial liabilities (commercial bill)              | -                  | 2,000,000          | -                  | -                | -            | -         | -                  | 2,000,000          |
| Financial Liabilities (Business loans)               | 652,752            | 600,000            | 2,416,943          | 598,111          | -            | -         | 3,069,695          | 1,198,111          |
| <b>Total Contractual outflows</b>                    | <b>1,819,422</b>   | <b>3,846,866</b>   | <b>2,416,943</b>   | <b>598,111</b>   | <b>-</b>     | <b>-</b>  | <b>4,236,365</b>   | <b>4,444,977</b>   |
| Less: bank overdraft                                 | 412,867            | 475,313            | -                  | -                | -            | -         | 412,867            | 475,313            |
| Less: commercial bill                                | -                  | 2,000,000          | -                  | -                | -            | -         | -                  | 2,000,000          |
| <b>Total expected outflows</b>                       | <b>1,406,555</b>   | <b>1,371,553</b>   | <b>2,416,943</b>   | <b>598,111</b>   | <b>-</b>     | <b>-</b>  | <b>3,823,498</b>   | <b>1,969,664</b>   |
| <b>Financial assets</b>                              |                    |                    |                    |                  |              |           |                    |                    |
| <b>Cash and cash equivalents</b>                     |                    |                    |                    |                  |              |           |                    |                    |
| Trade and other receivables                          | 266,710            | 305,291            | -                  | -                | -            | -         | 266,710            | 305,291            |
| Total anticipated inflows                            | 31,877             | 44,233             | -                  | -                | -            | -         | 31,877             | 44,233             |
| Net (outflow)/inflow on financial instruments        | 298,587            | 349,524            | -                  | -                | -            | -         | 298,587            | 349,524            |
| <b>Net (outflow)/inflow on financial instruments</b> | <b>(1,107,968)</b> | <b>(1,022,029)</b> | <b>(2,416,943)</b> | <b>(598,111)</b> | <b>-</b>     | <b>-</b>  | <b>(3,524,911)</b> | <b>(1,620,140)</b> |

### c. Market risk

#### i. Interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

#### ii. Price risk

Price risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

#### Net Fair Values

Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

## NOTE 23

### Capital and Leasing Commitments

The following represent commitments that are contracted but not capitalised in the financial statements.

|  | 2011 (\$)      | 2010 (\$)     |
|--|----------------|---------------|
| - not later than 12 months (inc GST)         | 429,744        | 49,908        |
| - between 12 months and 5 years<br>(inc GST) | -              | -             |
| - greater than 5 years                       | -              | -             |
|  | <u>429,744</u> | <u>49,908</u> |

Commitments include building additions and operating leases for plant & equipment.

## NOTE 24

### Segment Reporting

The company operates in one geographical area, being Wagga Wagga, New South Wales, Australia.

## NOTE 25

### Company Details

The Registered Office and Principle place of business is:

Dobbs Street

WAGGA WAGGA NSW 2650

## NOTE 26

### Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstandings and obligations of the entity. At 30 June the number of members was 18,661.

# DIRECTORS' DECLARATION FOR YEARENDED 30 JUNE 2011

The directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**Mr John Keyes**  
President



**Mr Phillip Elliott**  
Vice President

Dated this 23rd day of August 2011

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF THE WAGGA RSL CLUB LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Wagga RSL Club Limited which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

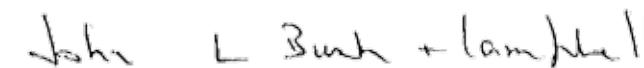
### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, was provided to the directors of Wagga RSL Club Limited on the same date as at the date of this auditor's report.

### Auditor's Opinion

In our opinion the financial report of Wagga RSL Club Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Regulations 2001.



**John L Bush & Campbell**

Chartered Accountants



**Mr Peter J King**

Partner

Dated this 23rd day of August 2011

# DETAILED PROFIT AND LOSS STATEMENT

**FOR YEAR ENDED**

**30 JUNE 2011**

## DISCLAIMER:

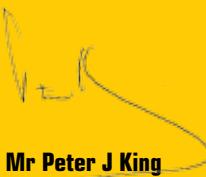
The additional financial data presented with this report being the profit and loss statement is in accordance with the books and records of Wagga RSL Club Limited which have been subjected to the audit procedures applied in our statutory audit of the entity for the year ended 30 June 2011. It will be appreciated that our statutory audit did not cover all details of 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's 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 entity) in respect of such data, including any errors or omissions therein, arising through negligence or otherwise however caused.



**John L Bush & Campbell**

Chartered Accountants



**Mr Peter J King**

Partner

Dated this 23rd day of August 2011

|  | 2011 (\$)  | 2010 (\$)  |
|--|------------|------------|
| <b>SALES</b>                           |            |            |
| Sales Revenue                          | 2,598,762  | 3,008,839  |
| <b>LESS: COST OF GOODS SOLD</b>        |            |            |
| Opening Stock                          | 134,897    | 115,332    |
| Purchases                              | 1,194,755  | 1,398,419  |
| Closing Stock                          | (173,959)  | (134,897)  |
|  | 1,155,693  | 1,378,854  |
| <b>GROSS PROFIT FROM TRADING</b>       | 1,443,069  | 1,629,985  |
| <b>OTHER INCOME</b>                    |            |            |
| Poker Machine Income                   | 7,491,545  | 7,183,807  |
| Commissions                            | 273,048    | 213,646    |
| Sundry Income                          | 720,234    | 671,473    |
| Gain on Acquisition of Commercial Club | -          | 974,352    |
| Dividends Received                     | 142,950    | 81,135     |
| Interest Received                      | 1,372      | 5,921      |
| Membership Subscriptions               | 153,302    | 153,955    |
| Gain/(loss) on Investments             | 20,544     | 40,400     |
| Profit on Sale of Assets               | 1,136      | -          |
| Rental Income                          | 188,628    | 174,493    |
|  | 8,992,759  | 9,499,182  |
|  | 10,435,828 | 11,129,167 |

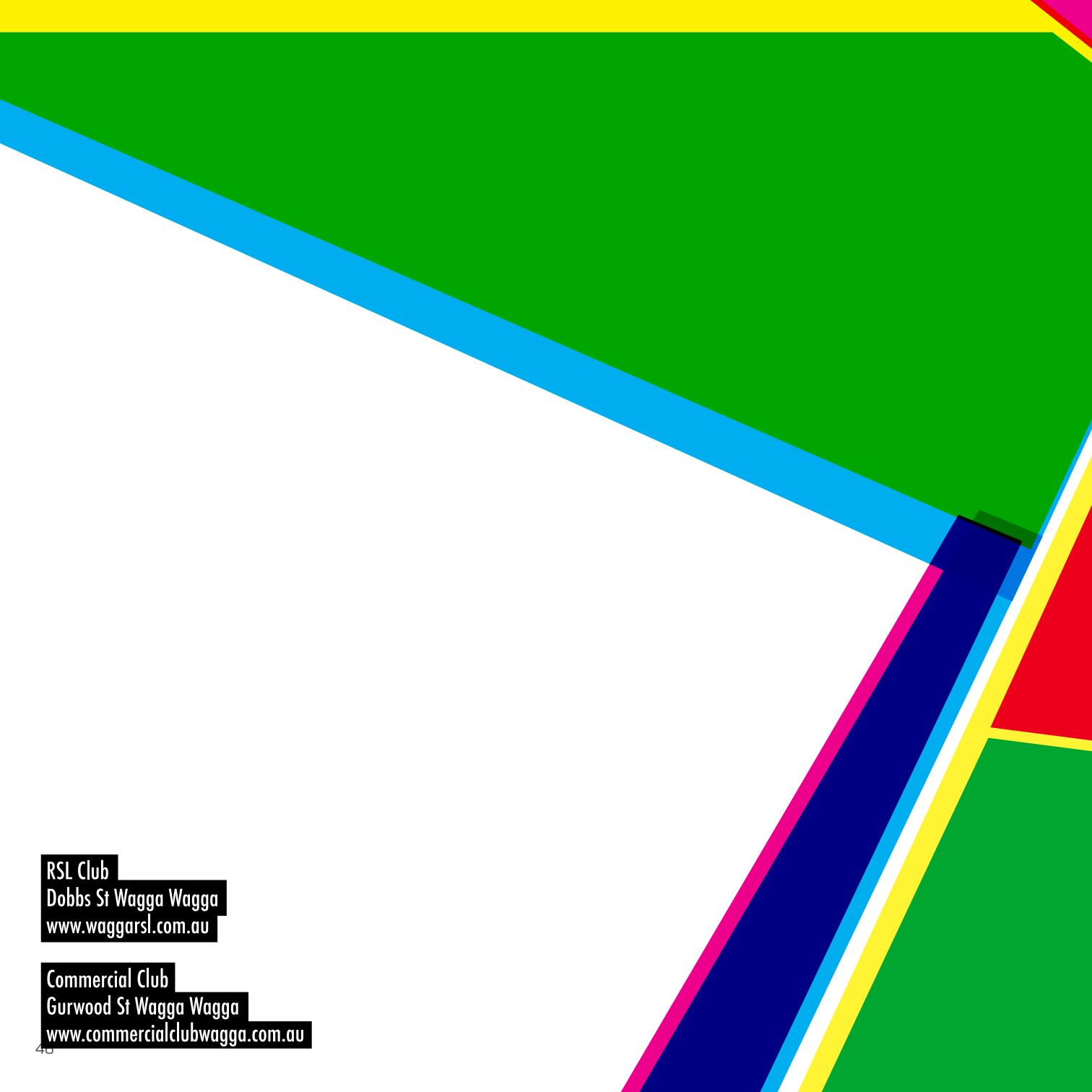
|   | 2011 (\$) | 2010 (\$) |
|---|-----------|-----------|
| <b>EXPENSES</b>                         |           |           |
| Accountancy Fees                        | 44,798    | 31,393    |
| Amenities - Members                     | 1,779,496 | 1,906,788 |
| Auditor's Remuneration                  | 37,525    | 33,700    |
| Bad Debts Written Off                   | -         | 1,598     |
| Bank Charges                            | 25,480    | 17,525    |
| Bar Requisites                          | -         | 32,651    |
| Bowling Greens & Ground Upkeep          | 12,900    | 9,553     |
| Cleaning                                | 389,582   | 362,426   |
| Computer Expenses                       | 71,894    | 79,956    |
| Catering Requisites                     | -         | 9,512     |
| Depreciation                            | 1,032,310 | 854,669   |
| Directors' Honorariums & Board Expenses | 29,959    | 21,295    |
| Donations                               | 264,072   | 269,219   |
| Electricity                             | 516,052   | 493,564   |
| Impairment Expense                      | -         | 33,200    |
| Insurance                               | 150,656   | 155,052   |
| Interest Paid                           | 235,499   | 279,015   |
| Leave Provisions Adjustments            | (10,239)  | (22,711)  |
| Legal Costs                             | 69,841    | 187,913   |
| Licence Fees                            | 16,605    | 4,547     |

The accompanying notes form part of these financial statements

|  | 2011 (\$) | 2010 (\$) |
|--|-----------|-----------|
| Loss on Sale of Assets                                   | -         | 13,669    |
| Payroll Tax  | 151,864   | 161,963   |
| Printing & Stationery                                    | 58,106    | 44,377    |
| Property Maintenance                                     | 39,426    | 61,082    |
| Rates & Taxes  | 75,111    | 69,655    |
| Repairs & Maintenance                                    | 934,020   | 563,842   |
| Security Costs   | 32,918    | 27,798    |
| Training, travel & sundry staff costs                    | 216,087   | 54,930    |
| Subscriptions  | 47,583    | 42,512    |
| Superannuation   | 283,714   | 293,255   |
| Telephone  | 36,814    | 37,138    |
| Wages  | 2,962,696 | 3,064,710 |
|  | 9,504,769 | 9,195,796 |
| <b>Profit (Loss) before income tax</b>                   | 931,059   | 1,933,371 |
| <b>The following is a breakdown of the above result:</b> |           |           |
| Wagga RSL Trading  | 1,331,367 | 1,258,317 |
| Commercial Club Trading                                  | (400,308) | (299,298) |
| Gain on Acquisition of Commercial Club                   | -         | 974,352   |
| <b>Total</b>   | 931,059   | 1,933,371 |

The accompanying notes form part of these financial statements





RSL Club  
Dobbs St Wagga Wagga  
[www.waggarisl.com.au](http://www.waggarisl.com.au)

Commercial Club  
Gurwood St Wagga Wagga  
[www.commercialclubwagga.com.au](http://www.commercialclubwagga.com.au)