

Huskisson RSL Club Limited

Directors Report for 30 June 2011

Directors Report

The Directors present this report on the Company for the year ended 30 June 2011.

Directors

SIMPSON, James Rod	President, Director 10 years, Justice of the Peace, Retired, Policy Committee & Building Committee, Life Member
HARRISON, John	Treasurer 11 years, Director 6 years, Life Member, Justice of the Peace, Retired, Raffle Committee, Audit & Finance Committee, Building Committee
RUNDELL, Shirley	Senior Vice President, Director 12 years, Part-Time Volunteer, Justice of the Peace, Raffle Committee, OH&S Committee
DUFF, Peter	Junior Vice President, Director 5 years, Retired, Justice of the Peace, Compliance Committee, Poker Machine Committee
GRAY, John	Director 4 years, Retired, Policy Committee, Building Committee
FOLKARD, Liz	Director 6 years, Tertiary Student, Child Care Worker, Compliance Committee, Audit & Finance Committee
PEARSON, Sue	Director 6 years, Retired Nurse, OH&S Committee, Policy Committee
ROACH, Robert	Director 20 years, Retired, Poker Machine Committee, Raffle Committee, Life member
CARLSON, John	Director 3 years, Self-employed, Compliance Committee, Building Committee

The net operating profit for the year before tax was \$206,349.00.

Principal Activities

The principal activities of the Company during the year were the carrying on trade as a Licensed Club.

There were no significant changes to the nature of those activities during the year.

Short & Long Term Objectives

The club management have short and long term objectives, both objectives are set to achieve continued trading as a licensed RSL club and to provide modern facilities to members at a venue that they can be proud of. The objectives also include achieving as strong a financial position as possible. The strategy to achieve the objectives is to monitor monthly results, use KPI's and constantly plan for the future.

Huskisson RSL Club Limited

Directors Report for 30 June 2011

Company is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the Club is wound up, the constitution states that each member is liable to contribute a maximum of \$2 each towards meeting any outstanding obligations of the entity.

Dividends

Under the Company's Memorandum and Articles of Association no dividend can be paid.

Directors		Ordinary Meetings Attended	Special Meetings Attended
SIMPSON, James Rod	President	11/12	7/9
HARRISON, John	Treasurer	10/12	7/9
RUNDELL, Shirley	Senior Vice President	12/12	9/9
DUFF, Peter	Junior Vice President	12/12	8/9
GRAY, John	Director	12/12	9/9
FOLKARD, Liz	Director	11/12	9/9
PEARSON, Sue	Director	12/12	9/9
ROACH, Robert	Director	8/12	9/9
CARLSON, John	Director	11/12	9/9

Proceedings on Behalf of Company

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

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001*

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



Director



Director

Dated this 17th day of August 2011

Huskisson RSL Club Limited
Income statement
For the year ended 30 June 2011

	Note	2011	2010
<i>Revenues from ordinary activities</i>	2	12,938,172	13,204,056
<i>Cost of goods purchased for resale</i>		(1,129,016)	(1,180,628)
<i>Bar operating expenses</i>		(327,289)	(327,842)
<i>Poker machine payouts</i>		(6,473,889)	(6,625,021)
<i>Poker machine operating expenses</i>		(857,549)	(887,849)
<i>Bistro expenses</i>		(656,446)	(607,475)
<i>TAB & Keno operating expenses</i>		(106,785)	(110,104)
<i>Depreciation expenses</i>		(260,588)	(266,021)
<i>Promotion & entertainment expenses</i>		(774,456)	(746,003)
<i>Borrowing costs</i>		(189,296)	(161,023)
<i>Occupancy expenses</i>		(323,176)	(325,431)
<i>Administration & security personnel expenses</i>	3a	(961,302)	(1,159,732)
<i>Other expenses from ordinary activities</i>		(672,031)	(624,572)
		(12,731,823)	(13,021,701)
Profit before tax		206,349	182,355
Deferred tax income		686	3,491
Profit for the period attributable to Members of the entity		207,035	185,846

The income statements are to be read in conjunction with the notes of the financial statements set out on pages [7] to [19].

Huskisson RSL Club Limited
 Statements of recognised Income & expense
 For the year ended 30 June 2011

	2011	2010
<i>Net profit/(loss) after income tax</i>	207,035	185,846
<i>Net income recognised directly in equity</i>	-	-
<i>Total recognised income and expense for the period</i>	207,035	185,846
<i>Retained profits at the beginning of the period</i>	7,195,872	7,010,026
<i>Total recognised income and expense for the period</i>	7,402,907	7,195,872

The statements of recognised income and expense are to be read in conjunction with the notes to the financial statements set out on pages [7] to [19].

Huskisson RSL Club Limited
 Balance sheet
 For the year ended 30 June 2011

	Note	2011	2010
Assets			
Cash and cash equivalents	5	480,465	526,859
Inventories	6	97,090	121,462
Other assets	7	50,568	36,639
Other investments	8	2,220	2,199
Assets held for resale	9	3,158,301	3,158,301
Total current assets		3,788,644	3,845,460
Other investments	8	-	2,120,000
Property, plant and equipment	10	9,510,315	7,193,616
Intangible assets	11	74,342	74,342
Deferred tax assets		44,047	43,361
Total non-current assets		9,628,704	9,431,319
Total assets		13,417,348	13,276,779
Liabilities			
Trade and other payables	12	133,204	125,047
Interest bearing liabilities	13	105,976	152,372
Other liabilities	14	13,923	18,667
Employee benefits	15	156,693	145,856
Total current liabilities		409,796	441,942
Interest bearing liabilities	13	2,275,188	2,288,372
Employee benefits	15	131,360	152,517
Total non-current liabilities		2,406,548	2,440,889
Total liabilities		2,816,344	2,882,831
Net assets		10,601,004	10,393,948
Equity			
Retained earnings		7,402,907	7,195,872
Asset revaluation reserve		3,198,097	3,198,076
Total equity	16	10,601,004	10,393,948

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages [7] to [19].

Huskisson RSL Club Limited
Statement of cash flows
For the year ended 30 June 2011

	Note	2011	2010
Cash flows from operating activities			
Cash receipts from customers		12,871,748	13,170,917
Cash paid to suppliers and employees		(12,410,310)	(12,755,680)
Cash generated from operations		461,438	415,237
Interest received		8,770	6,193
Net cash from operating activities	18	470,208	421,430
Cash flows from investing activities			
Acquisition of property, plant and equipment		(471,022)	(479,795)
Proceeds for sale of property, plant & Equipment		17,000	-
Net cash from investing activities		(454,022)	(479,795)
Cash flows from financing activities			
Repayment of borrowings		(93,613)	(172,027)
Proceeds from borrowings		34,033	265,160
Net cash from financing activities		(59,580)	93,133
Net increase in cash and cash equivalents		(43,394)	34,768
Cash and cash equivalents at 1 July 2010		526,859	492,091
Cash and cash equivalents at 30 June 2011	5	480,465	526,859

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages [7] to [19].

Huskisson RSL Club Limited

Notes to the financial statements

1. Significant accounting policies

Huskisson RSL Club Limited (the "Company") is a company domiciled in Australia. The financial report of the Company for the year ended 30 June 2011

The financial report was authorised for issue by the directors on the 17th August 2011

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs"), Urgent Issues Group Interpretations ("UIGs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards ("AASBs") adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS ("AIFRS") to distinguish from previous Australian GAAP. The financial reports of the entity and the Company also comply with IFRSs and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investment property.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Huskisson RSL Club Limited

Notes to the financial statements

(c) Property, plant and equipment

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy n).

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2005, the date of transition to Australian Accounting Standards - AIFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(i) Depreciation

Depreciation is charged to the income statement on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and buildings are NOT depreciated. The estimated useful lives in the current and comparative periods are as follows:

- plant and equipment [3 - 10] years
- fixtures and fitting [5 -10] years

The residual value, if not insignificant, is reassessed annually.

(d) Investments

(i) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. An external, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio when considered necessary. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the entity holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

(ii) Other trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy)

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of other inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Huskisson RSL Club Limited

Notes to the financial statements

Cash and cash equivalents

(f)

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(g) Impairment

The carrying amounts of the entity's assets (see accounting policy c), investment property (see accounting policy d) and inventories (see accounting policy e), are reviewed at each balance sheet date to determine whether there is any indication of impairment.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Calculation of recoverable amount

The recoverable amount of the entity's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

(h) Employee benefits

(i) Long-term service benefits

The entity's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the entity's obligations.

(ii) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Huskisson RSL Club Limited

Notes to the financial statements

(i) Trade and other payables

Trade and other payables are stated at cost.

(j) Revenue

(i) Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

(ii) Rental income

Rental income from investment property is recognised in the income statement on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(k) Income Tax

Income Tax has been calculated on the percentage of non member income agreed to by the Australian Tax Office in accordance with the formula applicable to Clubs. The present rate is 20.00%.

(l) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST excluded. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Huskisson RSL Club Limited

Notes to the financial statements

2. Revenue

	2011	2010
Bar sales	1,068,031	1,119,735
Poker machine revenue	9,655,099	9,967,777
Bistro sales	1,519,677	1,470,237
Keno commission	76,420	70,767
TAB commission	20,864	24,363
Social activities	377,565	353,842
Member subscriptions	33,029	29,042
Service station lease income	37,406	36,004
Other revenue	150,081	132,289
	12,938,172	13,204,056

3. Personnel expenses

	2011	2010
Administration, cleaning, security bus and door wages and salaries	708,148	865,154
Superannuation	165,600	172,156
Long service leave	8,962	25,296
Payroll tax	74,624	93,981
Fringe benefits tax	3,968	3,145
a	961,302	1,159,732
Bar wages	314,737	311,226
Poker machine wages	177,480	188,744
Keno wages	44,370	44,763
TAB wages	52,740	58,164
Catering wages	553,810	521,717
	1,143,137	1,124,614
Total employee expenses	2,104,439	2,284,346

4. Auditors' remuneration

	2011	2010
<i>Morton & Cord:</i>		
Audit and review of financial reports	14,680	14,255
Other regulatory audit services	11,290	11,028
	25,970	25,283

5. Cash and cash equivalents

	2011	2010
Bank balances	275,807	322,207
Call deposits	4,664	4,446
Cash on hand	199,994	200,206
Cash and cash equivalents in the statement of cash flows	480,465	526,859

Huskisson RSL Club Limited

Notes to the financial statements

6. Inventories

	2011	2010
Bar stock	58,083	77,949
Catering stock	10,470	12,331
Prize stock	28,537	31,182
	<u>97,090</u>	<u>121,462</u>

7. Other assets

	2011	2010
Prepayments	38,939	9,831
Deferred borrowing costs	11,629	21,229
Sundry debtors	-	5,579
	<u>50,568</u>	<u>36,639</u>

8. Other investments

	2011	2010
<i>Current</i>		
IAG shares	2,220	2,199
	<u>2,220</u>	<u>2,199</u>
<i>Non current</i>		
Call option – 71 Owen Street	-	2,120,000
	<u>-</u>	<u>2,120,000</u>

9. Assets held for resale

	2011	2010
59 Owen Street, Huskisson	3,158,301	3,158,301
	<u>3,158,301</u>	<u>3,158,301</u>

Huskisson RSL Club Limited

Notes to the financial statements

10. Property, plant and equipment

	2011	2010
Land and improvements		
At valuation 2007	4,860,000	4,860,000
71 Owen Street – at valuation plus costs	<u>2,369,645</u>	<u>-</u>
	7,229,645	4,860,000
Service station		
At valuation 2007	1,140,000	1,140,000
Building improvements		
Deemed cost	367,342	352,033
Less: Accumulated depreciation	<u>(111,130)</u>	<u>(100,084)</u>
	256,212	251,949
Plant and equipment		
Cost	528,169	515,906
Less: Accumulated depreciation	<u>(408,641)</u>	<u>(389,510)</u>
	119,528	126,396
Kitchen equipment		
Cost	379,003	376,933
Less: Accumulated depreciation	<u>(308,182)</u>	<u>(291,610)</u>
	70,821	85,323
Poker machines		
Cost	1,669,648	1,710,397
Less: Accumulated depreciation	<u>(1,212,670)</u>	<u>(1,281,964)</u>
	456,978	428,433
Office equipment		
Cost	109,908	109,510
Less: Accumulated depreciation	<u>(69,578)</u>	<u>(57,616)</u>
	40,330	51,894
Club library		
Cost	<u>-</u>	<u>5,000</u>
	-	5,000
Motor vehicles		
Cost	80,000	80,000
Less: Accumulated depreciation	<u>(34,798)</u>	<u>(23,895)</u>
	45,202	56,105
Courtesy bus		
Cost	161,117	161,117
Less: Accumulated depreciation	<u>(51,370)</u>	<u>(26,202)</u>
	109,747	134,915

Huskisson RSL Club Limited Notes to the financial statements

10. Property, plant and equipment – Continued

Air conditioning		
Cost	329,194	329,194
Less: Accumulated depreciation	(321,661)	(318,443)
	7,533	10,751
Carpet		
Cost	133,445	133,445
Less: Accumulated depreciation	(130,391)	(129,086)
	3,054	4,359
Fixtures and fittings		
Cost	291,586	291,586
Less: Accumulated depreciation	(260,321)	(253,095)
	31,265	38,491
TOTAL FIXED ASSETS	9,510,315	7,193,616

	Land and buildings	Plant and equipment	Poker Machines	Total
Balance at the beginning of the year	6,000,000	765,183	428,433	7,193,616
Additions	2,369,645	38,343	180,346	2,588,334
Depreciation charge for the year	-	(115,074)	(145,514)	(260,588)
Disposals	-	(4,760)	(6,287)	(11,047)
Revaluations	-	-	-	-
Balance at 30 June 2011	8,369,645	683,692	456,978	9,510,315

11. Intangible assets

	2011	2010
Poker machine entitlements	74,342	74,342
	74,342	74,342

Huskisson RSL Club Limited

Notes to the financial statements

12. Trade and other payables

	2011	2010
Trade payables due	75,436	67,432
Other trade payables and accrued expenses	57,768	57,615
	<u>133,204</u>	<u>125,047</u>

13. Interest bearing liabilities

	2011	2010
<i>Current</i>		
Finance lease liabilities	105,976	152,372
	<u>105,976</u>	<u>152,372</u>
<i>Non current</i>		
Finance lease liabilities	75,188	88,372
National Australia Bank - floating rate bill	200,000	400,000
National Australia Bank - fixed rate bill	2,000,000	1,800,000
	<u>2,275,188</u>	<u>2,288,372</u>

Bank loans

The bank loans are secured by registered first mortgages over the land and buildings of the entity to the extent of \$2,750,000. The floating rate bill is payable on or before 31/12/2013.

Finance lease liabilities

Finance lease liabilities of the entity are payable as follows:

	Minimum lease payments 2011	Minimum lease payments 2010
Less than one year	105,976	152,372
Between one and five years	75,188	88,372
More than five years		-
	<u>181,164</u>	<u>240,744</u>

14. Other

	2011	2010
Income in advance	13,923	18,667
	<u>13,923</u>	<u>18,667</u>

Huskisson RSL Club Limited

Notes to the financial statements

15. Employee benefits

	2011	2010
<i>Current</i>		
Annual leave	156,693	145,856
	156,693	145,856
<i>Non current</i>		
Long service leave	131,360	152,517
	131,360	152,517

16. Capital and reserves

Reconciliation of movement in capital and reserves

	Revaluation Reserve	Retained earnings	Total equity
Balance at 1 July 2010	3,198,076	7,195,872	10,393,948
Total recognised income and expense	-	207,035	207,035
Revaluation	21	-	21
Balance at 30 June 2011	3,198,097	7,402,907	10,601,004

17. Financial instruments

Interest rate risk

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

	Weighted average effective interest rate		Floating interest rate	
	2011 %	2010 %	2011 \$	2010 \$
Financial Assets:				
Cash At Bank	1.00	1.00	280,471	326,653
Financial Liabilities				
NAB – Bill Facility	6.50	6.50	1,800,000	1,800,000
NAB – Bill Facility	6.39	5.10	400,000	400,000

Huskisson RSL Club Limited

Notes to the financial statements

17. Financial instruments - (Continued)

Effective interest rates and repricing analysis

In respect of income-earning interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

	Total	Within 12 months	1-5 years	More than 5 years
Financial Liabilities				
Secured bank loans:				
Bill Facility – National Australia Bank	2,200,000	200,000	2,000,000	-

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheets and notes to and forming part of the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

Huskisson RSL Club Limited
Notes to the financial statements

18. Reconciliation of cash flows from operating activities

	2011	2010
Cash flows from operating activities		
<i>Profit for the period</i>	207,035	185,846
Adjustments for:		
<i>Depreciation</i>	260,588	266,021
<i>(Gain)/loss on sale of property, plant and equipment</i>	(244)	60
<i>Deferred tax income</i>	(686)	(3,491)
Operating profit before changes in working capital and provisions	466,693	448,436
<i>(Increase)/decrease in inventories</i>	24,372	(22,460)
<i>(Increase)/decrease in other assets</i>	(13,929)	12,717
<i>(Increase)/decrease in investments</i>	(21)	(222)
<i>(Decrease)/increase in trade and other payables</i>	8,157	(12,805)
<i>(Decrease)/Increase in provisions and employee benefits</i>	(10,320)	(5,000)
<i>(Decrease)/Increase in other liabilities</i>	(4,744)	764
Net cash from operating activities	470,208	421,430

Huskisson RSL Club Limited Notes to the financial statements

19. Key management personnel disclosures

	<i>Number of employees</i>		2011	2010
	<i>2011</i>	<i>2010</i>		
<i>Short-term employee benefits</i>	5	5	458,681	460,647
<i>Long term employee benefits</i>	5	5	61,781	62,163
			<u>520,462</u>	<u>522,810</u>

20. Caveat Removal

In December 2010, the matter regarding the removal of the caveat over the property at 71 Owen Street Huskisson was settled and the club proceeded with the call option to purchase the property, at a cost of \$249,645.08, including settlement, legal and stamp duty costs incurred for 2011.

Directors' declaration

In accordance with a resolution of the directors of Huskisson RSL Club Limited, I state that:


In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's position as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become payable.

On behalf of the Board



Rod Simpson



John Harrison

Huskisson, 17 August 2011

Independent audit report

To the members of Huskisson RSL Club Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement and statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Huskisson RSL Club Limited (the company) for the year ended 30 June 2011.

The directors of the company are responsible for the financial report that gives a true and fair view of the financial position and performance of the company, and that it complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

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

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

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

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

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Qualification

Huskisson RSL Club Limited has not recognised depreciation on buildings at balance date. This is a departure from Australian Accounting Standard AASB 116 Property, Plant & Equipment which requires that all non-current assets with limited useful lives be depreciated in determining the profit for that period. The total amount of building depreciation attributable for the year ended 30 June 2011 is \$66,154. In our opinion, this expense should have been recognised in the year in which it was incurred. Had this been done, the operating profit/(loss) before income tax would be \$140,195 total equity \$10,543,850 and accumulated depreciation on buildings \$295,770.

Qualified Audit Opinion

In our opinion, except for the effects on the financial report of the matter referred to in the qualification paragraph, the financial report presents fairly in accordance with:

- (a) the *Corporations Act 2001* , including:
 - (i) giving a true and fair view of the financial position of Huskisson RSL Club Limited at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



Morton & Cord

Graeme J. Cord
Partner

Nowra, 17 August 2011

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: the directors of Huskisson RSL Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

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

A handwritten signature in black ink, appearing to read 'Morton & Cord' followed by a large, stylized flourish.

Morton & Cord

Graeme J. Cord
Partner

Nowra, 17 August 2011