

# HUSKISSON RSL CLUB LIMITED

## DIRECTORS REPORT FOR 30 JUNE 2009

### 1. **Directors Report**

The Directors present on this report on the company for the year ended 30 June 2009.

### 2. **Directors**

SIMPSON, James Rod	President
HARRISON, John	Treasurer
DUFF, Peter	Senior Vice President
RUNDELL, Shirley	Junior Vice President
GRAY, John	Director
FOLKARD, Liz	Director
PEARSON, Sue	Director
ROACH, Robert	Director
CARLSON, John	Director

### 3. **Operating Result**

The profit of the company for the financial year after providing for income tax amounted to \$410,647.

### 4. **Review of Operations**

A review of the operations of the company during the financial year and the results of those operations are detailed in the President's, Treasurer's and Chief Executive Officer's reports, which accompany the Annual Financial Report to the members.

### 5. **Significant Changes in State of Affairs**

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

### 6. **Principal Activities**

The principal activities of the company during the course of the year were trading as a licensed Club. No significant change in the nature of these activities occurred during the year.

# HUSKISSON RSL CLUB LIMITED

## DIRECTORS REPORT FOR 30 JUNE 2009

### 7. **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 subsequent financial years.

### 8. **Future Developments**

There are no likely developments, which would significantly affect the future operations of the company.

### 9. **Dividends**

No recommendation has been made for the payment of a dividend as the company constitution provides no dividends can be paid.

### 10. **Indemnifying Officer/Auditor**

Directors' and Officers' indemnity premiums amounting to \$1,798 have been paid by the Company during the year for Directors' and Officers' liability insurance. The Company has not, during or since the financial year, in respect of any person who is or has been an officer or Auditor of the Company indemnified or made any relevant agreement for the indemnifying against a liability, including costs and expenses in successfully defending legal proceedings.

### 11. **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.

# HUSKISSON RSL CLUB LIMITED

## DIRECTORS REPORT FOR 30 JUNE 2009

### 12. Directors Particulars

SIMPSON, James Rod	President, Director 9 yrs Life Member, Justice of the Peace, Retired. Policy committee & building committee
HARRISON, John	Treasurer, Director 10 yrs, Life Member, Justice of the Peace, Retired, Raffle committee, audit & finance committee & building committee
DUFF, Peter	Snr Vice President, Director 4 yrs. Retired. Justice of the Peace. Compliance committee & poker machine committee.
RUNDELL, Shirley	Jnr Vice President, Director 11 yrs, Part-Time Volunteer. Justice of the Peace, Raffle committee, OH&S committee
GRAY, John	Director 3 yr, Retired, Policy committee & building committee.
FOLKARD, Liz	Director 5 yrs. Tertiary Student, child care worker. Compliance committee. audit & finance committee.
PEARSON, Sue	Director 5 yrs. Retired Nurse. OH&S committee & policy committee.
ROACH, Robert	Director 19 yrs. Retired. Poker machine committee & raffle committee.

# **HUSKISSON RSL CLUB LIMITED**

## **DIRECTORS REPORT FOR 30 JUNE 2009**

CARLSON, John

Director 2 yrs. Self employed.  
Compliance committee, building  
committee

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

Rod Simpson

John Harrison

Dated this 12<sup>th</sup> day of August 2009.

Huskisson RSL Club Limited  
Income statement  
For the year ended 30 June 2009

	Note	2009	2008
<i>Revenues from ordinary activities</i>	2	12,676,237	12,429,386
<i>Cost of goods purchased for resale</i>		(1,226,588)	(1,203,923)
<i>Bar operating expenses</i>		(303,991)	(359,942)
<i>Poker machine payouts</i>		(6,029,588)	(6,079,168)
<i>Poker machine operating expenses</i>		(913,007)	(851,282)
<i>Bistro expenses</i>		(537,958)	(577,481)
<i>TAB &amp; Keno operating expenses</i>		(101,375)	(81,478)
<i>Depreciation expenses</i>		(214,855)	(252,221)
<i>Promotion &amp; entertainment expenses</i>		(754,501)	(762,242)
<i>Borrowing costs</i>		(171,704)	(219,807)
<i>Occupancy expenses</i>		(319,734)	(302,778)
<i>Administration &amp; security personnel expenses</i>	3	(1,117,398)	(1,104,188)
<i>Other expenses from ordinary activities</i>		(565,728)	(599,842)
		(12,256,427)	(12,394,352)
<b>Profit before tax</b>		419,810	35,034
Deferred tax income		(9,163)	7,099
<b>Profit for the period attributable to Members of the entity</b>		410,647	42,133

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

Huskisson RSL Club Limited  
 Statements of recognised Income & expense  
 For the year ended 30 June 2009

	<b>2009</b>	<b>2008</b>
<i>Net profit/(loss) after income tax</i>	410,647	42,133
<i>Net income recognised directly in equity</i>	-	-
<i>Total recognised income and expense for the period</i>	410,647	42,133
<b><i>Retained profits at the beginning of the period</i></b>	6,599,379	6,557,246
<b><i>Total recognised income and expense for the period</i></b>	7,010,026	6,599,379

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

Huskisson RSL Club Limited  
Balance sheet  
For the year ended 30 June 2009

	Note	2009	2008
<b>Assets</b>			
Cash and cash equivalents	5	492,091	540,064
Inventories	6	99,002	97,858
Other assets	7	49,356	19,879
Other investments	8	1,977	2,085
Assets held for resale	9	3,158,301	3,158,301
<b>Total current assets</b>		<b>3,800,727</b>	<b>3,818,187</b>
Other investments	8	2,120,000	2,120,000
Property, plant and equipment	10	6,979,868	6,854,435
Intangible assets	11	74,342	74,342
Deferred tax assets		39,904	49,067
<b>Total non-current assets</b>		<b>9,214,114</b>	<b>9,097,844</b>
<b>Total assets</b>		<b>13,014,841</b>	<b>12,916,031</b>
<b>Liabilities</b>			
Trade and other payables	12	137,852	137,189
Interest bearing liabilities	13	114,747	118,613
Other liabilities	14	17,903	16,332
Employee benefits	15	140,419	141,278
<b>Total current liabilities</b>		<b>410,921</b>	<b>413,412</b>
Interest bearing liabilities	13	2,232,864	2,559,824
Employee benefits	15	162,954	145,339
<b>Total non-current liabilities</b>		<b>2,395,818</b>	<b>2,705,163</b>
<b>Total liabilities</b>		<b>2,806,739</b>	<b>3,118,575</b>
<b>Net assets</b>		<b>10,208,102</b>	<b>9,797,456</b>
<b>Equity</b>			
Retained earnings		7,010,026	6,599,380
Asset revaluation reserve		3,198,076	3,198,076
<b>Total equity</b>	16	<b>10,208,102</b>	<b>9,797,456</b>

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

Huskisson RSL Club Limited  
Statement of cash flows  
For the year ended 30 June 2009

	Note	2009	2008
<b>Cash flows from operating activities</b>			
Cash receipts from customers		12,655,182	12,412,407
Cash paid to suppliers and employees		(12,043,191)	(12,073,232)
Cash generated from operations		611,991	339,175
Interest received		21,055	16,979
<b>Net cash from operating activities</b>	18	633,046	356,154
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(350,193)	(89,408)
<b>Net cash from investing activities</b>		(350,193)	(89,408)
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(330,826)	(233,084)
<b>Net cash from financing activities</b>		(330,826)	(233,084)
Net increase in cash and cash equivalents		(47,973)	33,662
Cash and cash equivalents at 1 July 2008		540,064	506,402
<b>Cash and cash equivalents at 30 June 2009</b>	5	492,091	540,064

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

## 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 2009

The financial report was authorised for issue by the directors on the 12<sup>th</sup> August 2009

##### (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

	2009	2008
Bar sales	1,169,316	1,124,715
Poker machine revenue	9,387,806	9,285,345
Bistro sales	1,463,039	1,386,068
Keno commission	72,869	70,631
TAB commission	23,975	23,071
Social activities	350,650	331,464
Member subscriptions	29,168	32,751
Service station lease income	28,450	29,600
Other revenue	163,058	144,741
	<u>12,688,331</u>	<u>12,429,386</u>

#### 3. Personnel expenses

	2009	2008
Administration, cleaning, security bus and door wages and salaries	829,532	844,808
Superannuation	164,958	154,706
Long service leave	22,958	7,098
Payroll tax	86,850	91,891
Fringe benefits tax	3,668	3,678
a	<u>1,109,974</u>	<u>1,104,188</u>
Bar wages	290,693	348,221
Poker machine wages	206,764	187,684
Keno wages	49,487	33,212
TAB wages	46,795	45,310
Catering wages	465,752	486,297
	<u>1,059,491</u>	<u>1,100,724</u>
Total employee expenses	<u>2,169,465</u>	<u>2,204,912</u>

#### 4. Auditors' remuneration

	2009	2008
<i>Morton &amp; Cord:</i>		
Audit and review of financial reports	13,705	13,178
Other regulatory audit services	10,842	10,425
	<u>24,547</u>	<u>23,603</u>

#### 5. Cash and cash equivalents

	2009	2008
Bank balances	296,598	353,941
Call deposits	4,288	4,024
Cash on hand	191,205	182,099
Cash and cash equivalents in the statement of cash flows	<u>492,091</u>	<u>540,064</u>

## Huskisson RSL Club Limited

### Notes to the financial statements

#### 6. Inventories

	<b>2009</b>	<b>2008</b>
Bar stock	62,934	57,164
Catering stock	10,475	9,154
Prize stock	25,593	31,540
	<u>99,002</u>	<u>100,557</u>

#### 7. Other assets

	<b>2009</b>	<b>2008</b>
Prepayments	9,912	3,924
Deferred borrowing costs	8,791	15,955
Sundry debtors	30,653	-
	<u>49,356</u>	<u>19,879</u>

#### 8. Other investments

	<b>2009</b>	<b>2008</b>
<i>Current</i>		
IAG shares	1,977	2,085
	<u>1,977</u>	<u>2,085</u>
<i>Non current</i>		
Call option – 71 Owen Street	2,120,000	2,120,000
	<u>2,120,000</u>	<u>2,120,000</u>

#### 9. Assets held for resale

	<b>2009</b>	<b>2008</b>
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

	2009	2008
<b>Land and improvements</b>		
At valuation 2007	4,860,000	4,860,000
<b>Service station</b>		
At valuation 2007	1,140,000	1,140,000
<b>Building improvements</b>		
Deemed cost	339,203	159,482
Less: Accumulated depreciation	<u>(89,657)</u>	<u>(81,751)</u>
	249,546	77,731
<b>Plant and equipment</b>		
Cost	487,332	476,513
Less: Accumulated depreciation	<u>(361,836)</u>	<u>(329,977)</u>
	125,496	146,536
<b>Kitchen equipment</b>		
Cost	376,985	375,885
Less: Accumulated depreciation	<u>(271,301)</u>	<u>(245,813)</u>
	105,684	130,072
<b>Poker machines</b>		
Cost	1,618,743	1,655,964
Less: Accumulated depreciation	<u>(1,292,668)</u>	<u>(1,324,039)</u>
	326,075	331,925
<b>Office equipment</b>		
Cost	69,864	66,593
Less: Accumulated depreciation	<u>(50,206)</u>	<u>(43,727)</u>
	19,658	22,866
<b>Club library</b>		
Cost	<u>5,000</u>	<u>5,000</u>
<b>Motor vehicles</b>		
Cost	80,000	74,747
Less: Accumulated depreciation	<u>(10,352)</u>	<u>(37,272)</u>
	69,648	37,475
<b>Courtesy bus</b>		
Cost	81,490	81,490
Less: Accumulated depreciation	<u>(70,385)</u>	<u>(66,687)</u>
	11,105	14,803

## Huskisson RSL Club Limited Notes to the financial statements

### 10. Property, plant and equipment - Continued

<b>Air conditioning</b>		
Cost	329,194	329,194
Less: Accumulated depreciation	(313,845)	(307,276)
	15,349	21,918
<b>Carpet</b>		
Cost	133,445	133,445
Less: Accumulated depreciation	(127,222)	(124,560)
	6,223	8,885
<b>Fixtures and fittings</b>		
Cost	290,281	290,281
Less: Accumulated depreciation	(244,197)	(233,057)
	46,084	57,224
<b>TOTAL FIXED ASSETS</b>	<b>6,979,868</b>	<b>6,854,435</b>

	Land and buildings	Plant and equipment	Poker Machines	Total
<b>Balance at the beginning of the year</b>	6,000,000	522,510	331,925	6,854,435
Additions	-	245,731	104,462	350,193
Depreciation charge for the year	-	(104,854)	(109,751)	(214,855)
Disposals	-	(9,494)	(561)	(9,905)
Revaluations	-	-	-	-
Balance at 30 June 2009	6,000,000	653,793	326,075	6,979,868

### 11. Intangible assets

	2009	2008
Poker machine entitlements	74,342	74,342
	<u>74,342</u>	<u>74,342</u>

## Huskisson RSL Club Limited Notes to the financial statements

### 12. Trade and other payables

	<b>2009</b>	<b>2008</b>
Trade payables due	85,561	89,301
Other trade payables and accrued expenses	52,291	47,888
	<u>137,852</u>	<u>137,189</u>

### 13. Interest bearing liabilities

	<b>2009</b>	<b>2008</b>
<i>Current</i>		
Finance lease liabilities	114,747	118,613
	<u>114,747</u>	<u>118,613</u>
<i>Non current</i>		
Finance lease liabilities	32,864	109,824
National Australia Bank - floating rate bill	200,000	300,000
National Australia Bank - fixed rate bill	2,000,000	2,150,000
	<u>2,232,864</u>	<u>2,559,824</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	Minimum lease payments
	<b>2009</b>	<b>2008</b>
Less than one year	114,747	118,613
Between one and five years	32,864	109,824
More than five years	-	-
	<u>147,611</u>	<u>228,437</u>

### 14. Other

	<b>2009</b>	<b>2008</b>
Income in advance	17,903	16,332
	<u>17,903</u>	<u>16,332</u>

## Huskisson RSL Club Limited

### Notes to the financial statements

#### 15. Employee benefits

	2008	2008
<i>Current</i>		
Sick & holiday pay	140,419	141,278
	140,419	141,278
<i>Non current</i>		
Long service leave	162,954	145,339
	162,954	145,339

#### 16. Capital and reserves

##### Reconciliation of movement in capital and reserves

	Revaluation Reserve	Retained earnings	Total equity
Balance at 1 July 2008	3,198,076	6,599,379	9,797,455
Total recognised income and expense	-	410,647	410,647
Revaluation	-	-	-
Balance at 30 June 2009	3,198,076	7,010,026	10,208,102

#### 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	
	2009 %	2008 %	2009 \$	2008 \$
<b>Financial Assets:</b>				
Cash At Bank	1.00	3.60	296,598	353,941
<b>Financial Liabilities</b>				
NAB – Bill Facility	5.94	8.03	2,000,000	2,150,000
NAB – Bill Facility	5.94	7.83	200,000	300,000

## 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
<b>Financial Liabilities</b>				
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

	2009	2008
<b>Cash flows from operating activities</b>		
<i>Profit for the period</i>	410,647	42,133
<b>Adjustments for:</b>		
<i>Depreciation</i>	214,855	252,221
<i>(Gain)/loss on sale of property, plant and equipment</i>	9,904	-
<i>Deferred tax income</i>	9,163	(7,099)
<b>Operating profit before changes in working capital and provisions</b>	644,569	287,255
<i>(Increase)/decrease in inventories</i>	(1,144)	10,579
<i>(Increase)/decrease in other assets</i>	(29,477)	28,907
<i>(Increase)/decrease in investments</i>	108	563
<i>(Decrease)/increase in trade and other payables</i>	663	(22,846)
<i>(Decrease)/Increase in provisions and employee benefits</i>	16,756	50,900
<i>(Decrease)/Increase in other liabilities</i>	1,571	796
<b>Net cash from operating activities</b>	633,046	356,154

Huskisson RSL Club Limited  
Notes to the financial statements

19. Key management personnel disclosures

	<i>Number of employees</i>		<b>2009</b>	<b>2008</b>
	<i>2009</i>	<i>2008</i>		
<i>Short-term employee benefits</i>	5	5	443,968	430,055
<i>Long term employee benefits</i>	5	5	68,991	63,855
			<b>512,959</b>	<b>493,910</b>

## 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 2009 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, 12 August 2009

## 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 2009.

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 AAS 4 "Depreciation" 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 2009 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 \$353,656 total equity \$10,141,949 and accumulated depreciation on buildings \$163,462.

#### 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 2009 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, 12 August 2009

## 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 2009 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.

**Morton & Cord**

**Graeme J. Cord**  
*Partner*

Nowra

12 August 2009