

**DUNOON & DISTRICT SPORTS & RECREATION
CLUB LIMITED**

A.B.N. 36 003 159 779

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2011



DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED

A.B.N. 36 003 159 779

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2011

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DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2011

To the members of Dunoon & District Sports & Recreation Club Limited

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2415 *Review of a Financial Report – Company Limited by Guarantee*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2011 and its performance for the year ended on that date; and complying with the Australian Accounting Standards – Reduce Disclosure Requirements and *Corporations Regulations 2001*. ASRE 2415 requires that we comply with the ethical requirements relevant to the review of the financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

The attached Auditors' Independence Declaration has been provided to the directors as required by the *Corporations Act 2001* as at the date of providing this audit report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Dunoon & District Sports & Recreation Club Limited is not in accordance with the *Corporations Act 2001*, including:

- a) 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
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Dated at Lismore this 13th day of September 2011

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**


.....
G W DWYER (Partner)
Registered Company Auditor


DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2011

In accordance with a resolution of the directors of Dunoon & District Sports & Recreation Club Limited, in the opinion of the directors:

- a) The accompanying financial statements and notes are drawn up so as to give a true and fair view of the financial position, performance and cash flows of the company for the financial year; and
- b) The financial statements and notes:
 - (i) have been made out in accordance with Division 1 of Part 2M.3 of the *Corporations Act 2001*; and
 - (ii) give a true and fair view of the matters dealt with by that Division.
- c) At the date of this declaration, there are reasonable grounds to believe that the company can pay its debts as and when they become due and payable.
- d) The financial statements and notes have been made out in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Regulations 2001*.

Dated at Dunoon this 13th day of September 2011

For and behalf of the Board


.....
A. BAIN (President)


.....
A. MACKIE (Treasurer)

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

| | Notes | 2011 \$ | 2010 \$ |
|--------------------------------------|-------|------------|------------|
| CURRENT ASSETS | (4) | | |
| Cash and Cash Equivalents | | 228,835 | 231,764 |
| Trade and Other Receivables | | 94 | 258 |
| Inventories | | 17,861 | 20,684 |
| Other Assets | | 1,127 | 1,154 |
| | | <hr/> | <hr/> |
| TOTAL CURRENT ASSETS | | 247,917 | 253,860 |
| | | <hr/> | <hr/> |
| NON-CURRENT ASSETS | (5) | | |
| Other Financial Assets | | 20 | 20 |
| Property, Plant and Equipment | | 616,057 | 636,901 |
| Intangible Assets | | 120,000 | 120,000 |
| | | <hr/> | <hr/> |
| TOTAL NON-CURRENT ASSETS | | 736,077 | 756,921 |
| | | <hr/> | <hr/> |
| TOTAL ASSETS | | 983,994 | 1,010,781 |
| | | <hr/> | <hr/> |
| CURRENT LIABILITIES | (6) | | |
| Trade and Other Payables | | 37,299 | 45,143 |
| Provisions | | 10,621 | 9,709 |
| Other Liabilities | | 16,690 | 50,122 |
| | | <hr/> | <hr/> |
| TOTAL CURRENT LIABILITIES | | 64,610 | 104,974 |
| | | <hr/> | <hr/> |
| NON-CURRENT LIABILITIES | (7) | | |
| Provisions | | 5,901 | 5,492 |
| | | <hr/> | <hr/> |
| TOTAL NON-CURRENT LIABILITIES | | 5,901 | 5,492 |
| | | <hr/> | <hr/> |
| TOTAL LIABILITIES | | 70,511 | 110,466 |
| | | <hr/> | <hr/> |
| NET ASSETS | | 913,483 | 900,315 |
| | | <hr/> | <hr/> |
| MEMBERS' EQUITY | | | |
| Reserves | (8) | 307,994 | 307,994 |
| Retained Earnings | | 605,489 | 592,321 |
| | | <hr/> | <hr/> |
| TOTAL MEMBERS' EQUITY | | 913,483 | 900,315 |
| | | <hr/> | <hr/> |

This Statement of Financial Position should be read in conjunction with the accompanying notes

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

| | Notes | 2011 \$ | 2010 \$ |
|---|--------------|--------------------------|--------------------------|
| Revenue from Continuing Operations | (2) | 615,585 | 664,563 |
| Other Income | (2) | - | 1,000 |
| Expenses from Continuing Operations | (3) | <u>(602,417)</u> | <u>(660,639)</u> |
| Profit Before Income Tax | | 13,168 | 4,924 |
| Income Tax Expense | (1(b)) | <u>-</u> | <u>-</u> |
| Profit Attributable to Members of the Company | | <u>13,168</u> | <u>4,924</u> |
| Other Comprehensive Income | | <u>-</u> | <u>-</u> |
| Total Comprehensive Income | | <u>13,168</u> | <u>4,924</u> |

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

| | Notes | 2011 Inflows / (Outflows) \$ | 2010 Inflows / (Outflows) \$ |
|---|-------|---------------------------------------|---------------------------------------|
| i. Cash flows from operating activities | | | |
| Bar Trading | | 373,618 | 405,964 |
| Poker Machine Revenue | | 130,702 | 150,909 |
| Subscriptions | | 6,365 | 6,741 |
| Interest Received | | 5,685 | 3,178 |
| Government Grants Received | | - | 39,090 |
| Other Receipts | | 99,378 | 97,798 |
| GST Collected (Net) | | (4,261) | 2,357 |
| Payments to suppliers/employees | | <u>(598,959)</u> | <u>(622,064)</u> |
| Net cash provided by operating activities | | <u>12,528</u> | <u>83,973</u> |
| ii. Cash flows from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | - | 1,000 |
| Payments for property, plant and equipment | | <u>(15,457)</u> | <u>(42,644)</u> |
| Net cash used in investing activities | | <u>(15,457)</u> | <u>(41,644)</u> |
| Net increase in cash and cash equivalents held | | <u>(2,929)</u> | <u>42,329</u> |
| Cash & cash equivalents at the beginning of the financial year | | <u>231,764</u> | <u>189,436</u> |
| Cash and cash equivalents at the end of the financial year | (4) | <u>228,835</u> | <u>231,764</u> |

This Statement of Cash Flows should be read in conjunction with the accompanying notes

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

| | Reserves | Retained Earnings \$ | Total Equity \$ |
|--------------------------------|-----------------|-------------------------------------|--------------------------------|
| Balance at 1 July 2009 | 307,994 | 587,397 | 895,391 |
| Profit for the 2010 Year | - | 4,924 | 4,924 |
| Balance at 30 June 2010 | 307,994 | 592,321 | 900,315 |
| Profit for the 2011 Year | - | 13,168 | 13,168 |
| Balance at 30 June 2011 | 307,994 | 605,489 | 913,483 |

This Statement of Changes in Equity should be read in conjunction with the accompanying notes

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report was authorised for issue by the directors on 13 September 2011.

Basis of Preparation

The financial report is for Dunoon & District Sports & Recreations Club Limited as an individual entity. The Club is a company limited by guarantee which is incorporated and domiciled in Australia.

Dunoon & District Sports & Recreations Club Limited has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirement to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparations of the financial statements are presented below and have consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant Accounting Policies

a. Property, Plant and Equipment

All such assets are recorded at cost and, with the exception of land, are depreciated by the prime cost method so as to write off their cost progressively over their estimated remaining useful life to the company.

Major depreciation ranges for various classifications of assets are:-

| | |
|----------------------------|----------|
| Poker Machines | 3 years |
| Buildings and Improvements | 40 years |
| Plant and Equipment | 5 years |
| Furniture & Fittings | 7 years |
| Motor Vehicles | 5 years |

Crockery, Cutlery and Glassware are recorded at cost and replacements are charged against the profits of that year.

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b. Income Tax

The company as a mutual, not-for-profit entity, does not apply the principles of tax effect accounting as the directors believe the resultant asset and liability recognised upon adoption will never be capable of realisation in the ordinary course of operations, due to the company's exemption from income tax under Division 50-45 of the Income Tax Assessment Act 1997.

c. Inventories

Inventories consist of beer, spirits, wines, tobacco and other sundry bar stock. Inventory is valued at the lower of cost and net realisable value using the FIFO method of assigning cost.

d. Employee Benefits

Wages and salaries, sick leave and annual leave

Liabilities for wages and salaries, including non-monetary benefits, sick leave and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid at the end of the reporting period including related on-costs, such as workers compensation insurance and payroll tax. Annual leave not expected to be taken by employees within twelve months after balance date is discounted to its present value where material and is also disclosed as a current liability.

Non-Vesting Sick Leave

The company has not made provision for non-vesting sick leave as the directors believe it is not probable that payment will be required.

Contributions to Superannuation Plans

Contributions to employee superannuation plans are charged as an expense as the contributions are paid and become payable.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels including related on-costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

e. Goods and Services Tax

Revenues, 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 Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the costs of acquisition of the assets or as part of an item of expense. Receivables and payables are stated with the amount of GST included.

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e. Goods and Services Tax (Cont'd)

The net amount of GST recoverable or payable to, the ATO is included as a current asset or liability in the statement of financial position. Operating cash flows are included in the statement of cash flows on an overall gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

f. Provision

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be reliably measured. The amount recognised as a provision is the best estimate of the amount required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, the cash flows have been discounted to their present value as at the end of the reporting period.

Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised where it is probable the recovery will be received and the amount can be reliably measured.

g. 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 company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the 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 company will obtain ownership of the asset or over the term of the lease. 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 in the periods in which they are incurred.

h. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts that are repayable on demand and form an integral part of the company's cash management. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. Financial Instruments (Cont'd)

Impairment

At each end of the reporting period, directors assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

j. Trade and 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.

k. Impairment

The carrying amounts of the company's assets, other than inventories, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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 statement of comprehensive income, 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.

Calculation of recoverable amount

The recoverable amount of property, plant and equipment is the greater of their fair value, less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

l. Revenue

Financial Assistance

Financial assistance received is recognised at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Revenue (Cont'd)

Goods Sold

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery to the customer. 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.

Rendering of Services

Revenue from sales of services is recognised in the period in which the service is provided.

m. Financial Risk Management

Disclosures of Financial Instruments are made in the notes to the financial statements.

The main purpose of non-derivative financial instruments is to provide working capital to satisfy the company's objectives. The company does not have any derivative instruments at 30 June 2011.

The company's operations are not subject to material exposures to interest rate risk or liquidity risk.

n. Intangibles

Poker Machine Entitlements – Government Grants

Poker machine entitlements were granted to the company by the NSW government prior to 1 July 2004. Poker machine entitlements have been recognised in the statement of financial position at their fair value at 1 July 2004 which has been deemed to be their cost. Subsequent acquisitions of poker machine entitlements are recognised at cost.

Poker machine entitlements will remain current until such time as the company disposes of its entitlements or there is an amendment to the NSW government legislation. On this basis, poker machine entitlements are assessed as being intangible assets with an indefinite useful life and have not been amortised. Poker machine entitlements continue to be carried at cost in the statement of financial position and are subject to an annual impairment test.

o. Comparative Figures

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

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments 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 – Impairment

The directors assess impairment at the end of the reporting period by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised for the year ended 30 June 2011.

Key Judgements - Poker Machine Entitlements (PMEs)

The fair value of PME's at 1 July 2004 of \$120,000 was based upon data supplied by Clubs NSW, using an active market analysis.

| | 2011 | 2010 |
|---|----------------|----------------|
| | \$ | \$ |
| NOTE 2 – REVENUE AND OTHER INCOME | | |
| Operating Revenue | | |
| i. <u>Sale of Goods</u> | | |
| Bar Sales | 373,618 | 405,964 |
| ii. <u>Services</u> | | |
| Poker Machine Revenue | 130,702 | 150,909 |
| Subscriptions | 6,365 | 6,755 |
| | 510,685 | 563,628 |
| Non-Operating Revenue | | |
| Insurance and Other Recovery | 5,241 | 1,836 |
| Interest Received – other persons | 5,685 | 3,178 |
| Poker Machine GST Subsidy | 12,641 | 14,862 |
| Sub Club Revenue | 75,196 | 66,152 |
| Other Revenue | 6,137 | 14,907 |
| | 104,900 | 100,935 |
| Total Revenue From Continuing Operations | 615,585 | 664,563 |
| Other Income | | |
| Gain on sale of Non-Current Assets | - | 1,000 |

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

| | 2011 | 2010 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| NOTE 3 - EXPENSES | | |
| Expenses from continuing operations – by nature: | | |
| Administration | 20,898 | 24,765 |
| Employees Costs | 162,429 | 171,830 |
| Club Promotions | 21,431 | 19,682 |
| Insurance | 20,848 | 20,429 |
| Repairs and Maintenance | 12,919 | 14,584 |
| Members Entertainment | 17,000 | 18,631 |
| Sub Club Expenses | 53,625 | 59,993 |
| Other Expenses | 59,339 | 68,534 |
| Depreciation: | | |
| Buildings | 9,901 | 9,464 |
| Furniture and Fittings | 6,359 | 7,008 |
| Motor Vehicles | 49 | - |
| Plant and Equipment | 8,683 | 10,691 |
| Poker Machines | 10,333 | 5,378 |
| Improvements | 976 | 975 |
| Cost of Goods Sold | <u>197,627</u> | <u>228,675</u> |
| Total Expenses From Continuing Operations | <u><u>602,417</u></u> | <u><u>660,639</u></u> |
| NOTE 4 - CURRENT ASSETS | | |
| Cash and Cash Equivalents | | |
| Cash on hand | 25,527 | 14,974 |
| Cash at Bank - Trading Account | 37,530 | 55,889 |
| - Gazette Account | 2,150 | 2,980 |
| - Tennis Club | 3,108 | 2,120 |
| - Soccer Club | 16,714 | 7,643 |
| - Little Athletics | 3,891 | 3,878 |
| Interest Bearing Deposits - Licensed Club | <u>139,915</u> | <u>144,280</u> |
| | <u><u>228,835</u></u> | <u><u>231,764</u></u> |
| Trade and Other Receivables | | |
| Sundry Debtors | <u>94</u> | <u>258</u> |
| Inventories – at cost | | |
| Bar Stock | <u>17,861</u> | <u>20,684</u> |
| Other Assets | | |
| Prepayments | <u>1,127</u> | <u>1,154</u> |

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

| | 2011 | 2010 |
|--|----------------|----------------|
| | \$ | \$ |
| NOTE 5 - NON-CURRENT ASSETS | | |
| Other Financial Assets | | |
| Shares – SCU – Soccer Club – at cost | 10 | 10 |
| Shares – SCU – Tennis Club – at cost | 10 | 10 |
| | 20 | 20 |
| Property, Plant and Equipment | | |
| Land – at cost | 190,000 | 190,000 |
| Building – at cost | 386,498 | 386,498 |
| Less: Accumulated Depreciation | (56,897) | (46,996) |
| | 329,601 | 339,502 |
| Motor Vehicles – at Cost | 8,182 | - |
| Less: Accumulated Depreciation | (49) | - |
| | 8,133 | - |
| Furniture & Fittings – at cost | 108,670 | 106,370 |
| Less: Accumulated Depreciation | (84,227) | (77,868) |
| | 24,443 | 28,502 |
| Poker Machines – at cost | 153,850 | 153,850 |
| Less: Accumulated Depreciation | (138,561) | (128,228) |
| | 15,289 | 25,622 |
| Plant & Equipment – at cost | 147,484 | 143,122 |
| Less: Accumulated Depreciation | (131,889) | (124,044) |
| | 15,595 | 19,078 |
| Improvements – at cost | 39,000 | 39,000 |
| Less: Accumulated Depreciation | (6,826) | (5,850) |
| | 32,174 | 33,150 |
| Sub Club – Plant & Equipment – at cost | 5,953 | 5,953 |
| Less: Accumulated Depreciation | (5,131) | (4,906) |
| | 822 | 1,047 |
| Total Property, Plant and Equipment | 616,057 | 636,901 |

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 5 - NON-CURRENT ASSETS (CONT'D)

Property, Plant & Equipment (Cont'd)

Movement in Carrying Amount

The movement in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year is as follows:

| | Freehold Land & Buildings \$ | Plant, Equipment Furniture & Fittings \$ | Poker Machines \$ | Motor Vehicles \$ | Total \$ |
|-------------------------------------|---------------------------------------|--|-------------------------|-------------------------|----------------|
| Balance at the beginning of year | 562,652 | 48,627 | 25,622 | - | 636,901 |
| Additions | - | 7,275 | - | 8,182 | 15,457 |
| Disposals | - | (613) | - | - | (613) |
| Write back accumulated depreciation | - | 613 | - | - | 613 |
| Depreciation expenses | (10,877) | (15,042) | (10,333) | (49) | (36,301) |
| Carrying amount at 30 June 2011 | <u>551,775</u> | <u>40,860</u> | <u>15,289</u> | <u>8,133</u> | <u>616,057</u> |

| | 2011 \$ | 2010 \$ |
|----------------------------|----------------|----------------|
| Intangible Assets | | |
| Poker Machine Entitlements | <u>120,000</u> | <u>120,000</u> |

NOTE 6 - CURRENT LIABILITIES

Trade and Other Payables

| | | |
|--------------------------------------|---------------|---------------|
| Trade Creditors and Accrued Expenses | 22,735 | 28,780 |
| Employee Benefits – Annual Leave | <u>14,564</u> | <u>16,363</u> |
| | <u>37,299</u> | <u>45,143</u> |

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

| | 2011 | 2010 |
|--|---------------|--------------|
| | \$ | \$ |
| NOTE 6 - CURRENT LIABILITIES (CONT'D) | | |
| Provisions | | |
| Employee Benefits – Long Service Leave | <u>10,621</u> | <u>9,709</u> |

The current long service provision relates to employees who have accumulated 10 years service and therefore have an unconditional right to take long service leave. The amount of long service leave expected to be taken by employees during the next financial year is NIL (2010: NIL).

| | | |
|--------------------------|---------------|---------------|
| Other Liabilities | | |
| Unearned Income | 13,100 | 42,271 |
| Net GST Payable | <u>3,590</u> | <u>7,851</u> |
| | <u>16,690</u> | <u>50,122</u> |

NOTE 7 - NON-CURRENT LIABILITIES

| | | |
|--|--------------|--------------|
| Provisions | | |
| Employee Benefits – Long Service Leave | <u>5,901</u> | <u>5,492</u> |

**Rollforward of Long-Term Provisions
(Current and Non-Current)**

| | Long-term Employee Benefits | Long-term Employee Benefits |
|---|--|--|
| | \$ | \$ |
| Opening Balance as at 1 July | 15,201 | 14,154 |
| Additional provision raised during the year | 1,321 | 1,047 |
| Provisions used during the year | <u>-</u> | <u>-</u> |
| Closing Balance | <u>16,522</u> | <u>15,201</u> |

NOTE 8 - RESERVES

| | | |
|---------------------------|----------------|----------------|
| Asset revaluation reserve | <u>307,994</u> | <u>307,994</u> |
|---------------------------|----------------|----------------|

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

NOTE 9 - SECURITY

The Westpac Banking Corporation holds a registered first mortgage over the club's freehold land and buildings at Balzer Park, Dunoon to secure the overdraft facility.

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

| | 2011 | 2010 |
|--|---------------|---------------|
| | \$ | \$ |
| NOTE 10 - RELATED PARTY INFORMATION | | |
| a) Directors | | |
| Directors who held office during the course of the financial year are disclosed in the Directors' Report. | | |
| b) Transactions with Directors | | |
| The company did not have any transactions with its directors or their director-related entities during the financial year. | | |
| c) Key Management Personnel Compensation | | |
| Total Compensation | <u>58,036</u> | <u>56,707</u> |

NOTE 11 – MEMBERS' GUARANTEE

The company is limited by Guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$5 each toward meeting any outstanding obligations of the company. At 30 June 2011, the number of members was 591 (2010: 636).

NOTE 12 - FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

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:

Financial Assets

| | | | |
|---------------------------|-----|----------------|----------------|
| Cash and Cash Equivalents | (4) | 228,835 | 231,764 |
| Loans and Receivables | (4) | 94 | 258 |
| | | <u>228,929</u> | <u>232,022</u> |

Financial Liabilities

Financial Liabilities at Amortised Cost:

| | | | |
|----------------------------|-----|---------------|---------------|
| - Trade and Other Payables | (6) | <u>22,735</u> | <u>28,780</u> |
|----------------------------|-----|---------------|---------------|

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the financial report of the company for the year ended 30 June 2011 and the Auditors' Report thereon. The directors report that:

1. DIRECTORS

The names of the directors in office at the date of this report are:

| Director | Qualification / Experience | Special Responsibilities |
|-----------------|-----------------------------------|---------------------------------|
| BAIN, Andrew | Supervisor – Board Member 9 Years | President |
| LITTLE, Rodney | Retired – Board Member 4 Years | Vice President |
| WHEELER, Robin | Teacher – Board Member 1 Year | Secretary |
| MACKIE, Alan | Retired – Board Member 4 Years | Treasurer |
| CROW, Annabelle | Caterer – Board Member 3 Year | Director |
| MURPHY, Peter | Manager – Board Member 1 Year | Director |

2. OBJECTIVES AND STRATEGIES

Objectives

The short and long term objectives of the Dunoon & District & Recreation Club Limited are to ensure that the company's financial position remains sound for both the short and long term, ensuring that members and patrons can enjoy their club for many years to come.

Strategy

The strategy that the company employs to achieve those objectives is to:

- (i) Carefully monitor income and expenditure to improve operating profit;
- (ii) Introduce new ideas that will attract more people to the club and improve income streams; and
- (iii) Promote the above objectives at every opportunity.

3. PRINCIPAL ACTIVITIES

The principal activities of the company in the course of the financial year remained unchanged and were the provision of sporting and social activities for members.

The principal activities assisted in achieving the company's objectives by providing the best facilities and by continually looking at ways to attract participants to both sporting and social activities. This has provided the company with an excellent source of income so the company has to ensure that it continues to provide a quality venue for members and visitors to enjoy the facilities both socially and through sport.

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
DIRECTORS' REPORT

4. OPERATING RESULTS

The operating profit made by the company during the year was \$13,167 (2010: \$4,924). No income tax is payable thereon.

The financial operations of the company during the year are summarised as follows:

| | 2011 | 2010 |
|--|----------------------|---------------------|
| | \$ | \$ |
| Bar trading | | |
| Sales | 373,618 | 405,964 |
| Gross profit | 175,991 | 177,289 |
| Gross profit percentage | 47.10% | 43.67% |
| Net Profit | 79,915 | 78,321 |
| Gross profit percentage | 21.39% | 19.29% |
| Poker Machines | | |
| Revenue | 143,343 | 165,771 |
| Less expenses | <u>(8,666)</u> | <u>(8,154)</u> |
| Net Profit | 134,677 | 157,617 |
| Other income | <u>98,623</u> | <u>93,828</u> |
| Total income | 313,215 | 329,766 |
| Less expenses | <u>(300,047)</u> | <u>(324,842)</u> |
| PROFIT FROM CONTINUING OPERATIONS | <u>13,168</u> | <u>4,924</u> |

5. DIRECTORS ATTENDANCES

Twelve meetings of the Board of Directors were held during the year ended 30 June 2011. Directors' attendances at meetings during directorship were as follows:

| | | | |
|---------------------------------|-------|--------------------------------|------|
| A. Bain | 12/12 | A. Crow | 9/12 |
| R. Little | 12/12 | P. Murphy (Appointed 25/10/10) | 7/8 |
| R. Wheeler (Appointed 25/10/10) | 7/8 | D. Patch (Resigned 25/10/10) | 2/4 |
| A. Mackie | 12/12 | G. Naylor (Resigned 25/10/10) | 3/4 |

6. CORE/NON-CORE PROPERTY

Directors advise that all land and buildings have been classified as core property as defined by Section 41J of the *Registered Clubs Act (1976)*.

DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED
A.B.N. 36 003 159 779
DIRECTORS' REPORT

7. MEMBERSHIP

The company is limited by guarantee without share capital. The number of members as at 30 June 2011 is 591 (2010: 636).


If the company is wound up, the constitution states that each member of the company is liable to contribute a maximum of \$5 towards meeting any outstanding liabilities of the company. At 30 June 2011 the maximum total amount that members of the company would be liable to contribute if the company is wound up is \$2,955.

8. AUDITOR'S INDEPENDENCE DECLARATION

The Directors have received and acknowledge the attached auditor's Independence Declaration.

Signed in accordance with a Resolution of Directors

Dated at Dunoon this 13th day of September 2011


.....
A. BAIN (President)


.....
A. MACKIE (Treasurer)



Lismore, 13 September 2011

The Board of Directors
Dunoon & District Sports & Recreation Club Limited
c/- Post Office
DUNOON NSW 2480

Dear Directors

AUDITORS' INDEPENDENCE DECLARATION

This declaration is made in connection with our audit of the financial report of Dunoon & District Sports & Recreation Club Limited for the year ended 30 June 2011 and in accordance with the provisions of the *Corporations Act 2001*.

We declare that, to the best of our knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to this audit; and
- No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this audit.

Yours faithfully

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS

Per:



G W DWYER (Partner)
Registered Company Auditor