

REPORTS & FINANCIAL ACCOUNTS

OF

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED

FOR THE YEAR ENDED 30 JUNE 2011

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

DIRECTORS' REPORT TO MEMBERS

The Directors of Epping R.S.L. Sub-Branch & Community Club Limited submit herewith the annual financial report for the financial year ended 30 June 2011. In order to comply with the provision of the Corporations Act 2001, the directors report as follows:

DIRECTORS - The names of the Directors in office at any time during or since the end of the year are:

David TAYLOR	President	Retired Company General Manager; Club Member 18 years, Director 14 years, Board Chairman, Member House and Finance Committee, Life Member of Epping Club and Epping R.S.L. Sub-Branch. Member National Serviceman's Association. Member NSW Reserve Forces Day Council.
Max FALCONER MBE J.P.	Vice-President	Retired Westpac Bank Manager, Member of the British Empire (MBE), Club Member 40 years, Director 11 years, Member House and Finance and Membership Committees, Life Member of the Club, RSL of Australia and Epping RSL Sub-Branch, Sub Branch Member, Sub-Branch Treasurer. Member of the CMF/Army Reserve 32 years, President 21 Fd Regt RAA Association since 1962.
Ken WIGHTON	Vice-President Finance	Retired Company Director, Director 6 years, Club Member 43 years. Member House and Finance and Membership Committees, Member of Epping RSL Sub-Branch 20 years, Life Member RSL of Australia and Epping RSL Sub-Branch, Welfare Officer for 16 years.
Robert WATERSON OAM	Director	Member of Order of Australia, Retired Electrical Inspector - MWS&DB, Club Member 25 years, Director 22 years, Member House and Finance and Membership Committees; Life Member of the Club, R.S.L. of Australia and Epping R.S.L. Sub-Branch, Trustee of Sub-Branch. Meritorious Service Medal awarded by R.S.L.
John CURDIE OAM	Director	Member of Order of Australia, Retired Surveyor, Club Member 24 years, Director 7 years; President of Epping R.S.L. Sub-Branch. Life Member of the RSL of Australia and the Epping RSL Sub-Branch; Member of Membership Committee, Member of National Serviceman's Association, Member NSW Reserve Forces Day Council Committee. J.P. Formal Qualifications ME (Syd Uni), Dip TCP. (Syd Uni), Dip Env STD (Mac Uni). Hon Fellow IS.Aust. Hon Mem.F.I.G.
John PRESTIDGE RFD ED	Director	Retired Service Manager-TAFE Lecturer, Club Member 31 years, Director 7 years, Member Membership Committee, Life member Epping RSL Sub-Branch, Club Representative on Board of Epping Youth Outreach Group (The Shack), Secretary of Epping RSL Sub-Branch 7 years and member CMF/Army Reserve 27 years.
Kirsten BAKER	Director	Operating own business following 8 years in financial services, Club Member 10 Years, Director 6 years, Member of Membership Committee. Member of Australian Institute of Management (AIMM), Associate Member of Australian Marketing Institute (AMAMI); Formal qualifications BEc, Mcom, Dip FS (FP).

John DONOHOE Director

Sales Manager, Club Member 22 years, Director 5 years, Member of Membership Committee, Member Epping S. V.de P, Member Epping Civic Trust; Formal qualifications B.Sc (Chem.), D.C.H.

MEETINGS OF COMPANY DIRECTORS

So as to comply with the Corporations Law we detail below the number of meetings held during the financial year and the number of those meetings attended by each Director.

Number of Meetings held:	15	Number of Meetings attended
D. Taylor		15
M. Falconer		13
K. Wighton		14
R. Waterson		15
J. Curdie		12
J. Prestidge		13
K. Baker		12
J. Donohoe		14

MEMBERS' GUARANTEE

The company is limited by guarantee. If the company is wound up the constitution of the company states that each member is required to contribute \$2 each towards meeting any outstanding obligations of the company. The total amount contributed would be \$27,076.

REVIEW OF OPERATIONS

The Company incurred an operating profit of \$1,071,621 (2010 profit \$1,205,320) before company income tax of \$95,080 and after deducting depreciation of \$1,121,819 (2010 \$1,017,633).

Club membership was 13,538 as at 30th June 2011 (13,391 as at 30th June 2010) and was made up as follows:

Life Members	18
RSL Members	482
Ordinary Members	13,038

OBJECTIVES

The objectives of the club are to operate in a responsible and financially prudent manner with the aim of enhancing membership benefits and contributing to the local community. The Epping Club plays an important role in honouring present and returned servicemen and servicewomen.

Specific short and long term objectives include:

Short Term

- Provide the best possible facilities to members
- Encourage new membership
- Improve profitability and efficiency of club operations

Long Term

- Maintain financial stability of the club
- Ensure facilities continue to cater for members' needs
- Diversify income streams

STRATEGY FOR ACHIEVING THE OBJECTIVES

Attract and maintain quality management and staff.

Be flexible and adapt to the changing environment of the club, economy and member demographic characteristics.
To continually review and upgrade facilities of the club.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was that of a Licensed Club conducted for Members and Members' Guests according to the Constitution.

HOW THESE ACTIVITIES ASSIST IN ACHIEVING THE OBJECTIVES

The principal activities of the club contributed to achieving the objectives by providing a stable base of operations. This ensured the financial stability and generated funds to meet the demands of the company and maintain high levels of service to members and guests.

PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS

The financial performance of the club is measured against the budget set and benchmark data for the industry.

Some of the specific areas reported on and monitored include:

- Earnings before Interest Tax Depreciation and Amortisation (EBITDA)
- Gross Profit Margins
- Expense Ratios and Analysis
- Cash Flow
- Members' Feedback
- Staff Turnover

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration follows and forms part of the directors' report for the financial year ended 30 June 2011.

Dated at Epping this 3rd day of August 2011

Signed in accordance with a resolution of the Directors.

D Taylor
Director

K Wighton
Director

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

DIRECTORS' DECLARATION

The Directors declare that:

- a) the attached financial statements and notes thereto comply with Accounting Standards;
- b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company;
- c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Epping this 3rd day of August 2011

Signed in accordance with a resolution of the Directors.

D Taylor
Director

K Wighton
Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED**

Report on the Financial Report

I have audited the accompanying financial report of Epping RSL (Sub-Branch) & Community Club Limited, which comprises the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, the Statement of Changes in Members' Funds and the Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations) 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.

Audit Responsibility

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

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

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In my opinion, the financial report of Epping RSL (Sub-Branch) & Community Club Limited is in accordance with the Corporations Act 2001 including:

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

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John C. Cheadle-Chartered Accountant
2F Ryedale Road, West Ryde, 2114
3 August 2011

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT

To the Directors of Epping RSL (Sub-Branch) & Community 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:

- (a) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

.....
John C. Cheadle-Chartered Accountant
2F Ryedale Road, West Ryde, 2114
3 August 2011

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE, 2011

	Notes	2011 \$	2010 \$
Revenue from rendering of services		17,115,453	16,062,309
Revenue from sale of goods		5,333,101	5,207,875
Other revenue		<u>538,518</u>	<u>477,296</u>
Total revenue from continuing operations	2	22,987,072	21,747,480
Less expenses			
Cost of sales		(1,686,120)	(1,636,795)
Donations and community support		(148,787)	(132,572)
Employee benefits expense		(6,100,179)	(5,518,897)
Entertainment, marketing and promotional expenses		(2,129,987)	(1,829,290)
Poker machine duty and taxes		(5,570,176)	(5,271,325)
Property utilities expenses		(587,998)	(528,667)
Other expenses		(1,733,401)	(1,777,930)
Repairs and maintenance		(997,883)	(915,287)
Rental of gaming and other equipment		<u>(1,695,884)</u>	<u>(1,761,975)</u>
Earnings before financing costs, depreciation and income tax		2,336,657	2,374,742
Financing costs		(143,217)	(151,790)
Depreciation		(1,121,819)	(1,017,633)
Income tax expense		<u>(95,080)</u>	<u>(56,504)</u>
Profit for the year	22	976,541	1,148,815
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>976,541</u>	<u>1,148,815</u>

The accompanying notes form part of these accounts

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE, 2011

	Notes	2011 \$	2010 \$
CURRENT ASSETS			
Cash	5	1,013,431	1,380,079
Receivables	6	(48,108)	(30,836)
Investments	7	9,787	9,787
Inventories	8	166,751	147,009
Other	9	775,267	546,206
TOTAL CURRENT ASSETS		<u>1,917,128</u>	<u>2,052,245</u>
NON-CURRENT ASSETS			
Property, Plant & Equipment	10	16,856,743	16,317,159
Investment Properties	11	7,425,361	6,114,925
Intangible Assets	12	174,658	-
TOTAL NON-CURRENT ASSETS		<u>24,456,762</u>	<u>22,432,084</u>
TOTAL ASSETS		<u>26,373,890</u>	<u>24,484,329</u>
CURRENT LIABILITIES			
Payables	13	1,047,693	1,078,149
Interest Bearing Liabilities	14	600,000	600,000
Current Tax Liabilities	15	103,000	130,687
Provisions	16	500,588	428,368
Other	17	46,665	75,321
TOTAL CURRENT LIABILITIES		<u>2,297,946</u>	<u>2,312,525</u>
NON-CURRENT LIABILITIES			
Provisions	18	381,559	337,333
Interest Bearing Liabilities	19	2,000,000	1,100,000
Other	20	138,219	154,846
TOTAL NON-CURRENT LIABILITIES		<u>2,519,778</u>	<u>1,592,179</u>
TOTAL LIABILITIES		<u>4,817,724</u>	<u>3,904,704</u>
NET ASSETS		<u>21,556,166</u>	<u>20,579,625</u>
MEMBERS' FUNDS			
Retained Profits	22	21,556,166	20,579,625
TOTAL MEMBERS' FUNDS		<u>21,556,166</u>	<u>20,579,625</u>

The accompanying notes form part of these accounts

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 30TH JUNE, 2011

	RETAINED EARNINGS \$	TOTAL EQUITY \$
Balance at 1 July 2009	19,430,810	19,430,810
Net profit for the year attributable to members of the company	<u>1,148,815</u>	<u>1,148,815</u>
Balance at 30 June 2010	20,579,625	20,579,625
Net profit for the year attributable to members of the company	<u>976,541</u>	<u>976,541</u>
Balance at 30 June 2011	<u><u>21,556,166</u></u>	<u><u>21,556,166</u></u>

The accompanying notes form part of these accounts

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE, 2011

	Notes	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers		22,884,289	21,762,349
Payments to Suppliers		(20,803,763)	(19,162,732)
Interest Received		32,540	20,739
Interest Paid		(143,217)	(151,790)
Income Tax Prepaid		<u>(90,000)</u>	<u>(60,000)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	28 (B)	<u>1,879,849</u>	<u>2,408,566</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for Poker Machine Entitlements		(174,658)	-
Payment for Freehold Property		(1,310,436)	-
Payment for Plant & Equipment		(288,074)	(305,934)
Payment for Property Improvements		<u>(1,373,329)</u>	<u>(1,077,475)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(3,146,497)</u>	<u>(1,383,409)</u>
CASH FLOWS FROM FINANCIAL ACTIVITIES:			
Additional NAB Loans		1,100,000	-
Repayments of NAB borrowings		<u>(200,000)</u>	<u>(700,000)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>900,000</u>	<u>(700,000)</u>
NET INCREASE IN CASH HELD		(366,648)	325,157
Cash at beginning of financial year		<u>1,389,866</u>	<u>1,064,709</u>
CASH AT END OF FINANCIAL YEAR	28 (A)	<u><u>1,023,218</u></u>	<u><u>1,389,866</u></u>

The accompanying notes form part of these accounts

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2011

1. SUMMARY OF ACCOUNTING POLICIES

The following summary explains the significant accounting policies that have been adopted in the preparation of the accounts. Unless otherwise stated, such accounting policies are consistent with those used in previous years.

(a) BASIS OF PREPARATION

Epping R.S.L. (Sub-Branch) & Community Club Limited has elected to early adopt the pronouncements of AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 20102: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements 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 preparation of these financial statements are presented below and have been 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 on-current assets, financial assets and financial liabilities.

(b) INVENTORIES

Stock on hand is valued at the lower of cost and net realisable value. Costs are assigned to quantities on hand at balance date on the basis of first in-first out value.

(c) PROPERTY, PLANT & EQUIPMENT

Except for land, tableware items and uniforms, all fixed assets are stated at original cost less the relevant provisions for depreciation.

(d) LAND & BUILDINGS

The company's properties are now classified as either "Core" or Non-Core" property. Core property is property occupied by the club as licensed premises. The club can only dispose of its core property if the disposal has been approved by a resolution passed by the majority of members. The property must be sold at public auction after valuation by a registered valuer. These requirements do not apply to non-core property, ie, investment properties.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changed in the fair values of investment properties are included in the income statement in the year in which they arise.

(e) DEPRECIATION

Depreciation is calculated on the straight line basis so as to write off the net cost of each fixed asset during its expected useful life. Profit and losses on disposal of depreciable assets are taken into account when determining profit and loss. Expenditure on tableware items and uniforms is accounted for by showing the initial investment at cost and charging replacements against revenue in relevant subsequent periods.

Major depreciation periods are

Freehold Buildings	40 years
Plant and Equipment	10 years

(f) INCOME TAX

Under present legislation, income derived by the company from members is not assessable to income tax. Income tax liabilities arise in respect of income derived from non-members and investments less certain allowable deductions. Commission income is now assessable in full and not subject to the member/non-member principle. The club does not adopt Tax-effect accounting principles.

(g) RENTAL PAYMENTS

Electronic assets are subject to a rental agreement and the rental payments are charged as expenses in the periods in which they are incurred.

(h) PROVISION FOR EMPLOYEE'S BENEFITS

Charges are made against profits to provide accrued annual leave and long service leave at wage and salary rates in accordance with employees' entitlements under the relevant Statutes and Awards.

Amounts accrued for long service leave which have not vested are shown as non-current liabilities and are calculated on the unvested rights of employees who have passed their fifth year of employment.

(i) DEFERRED SUBSCRIPTION REVENUE

Membership subscriptions paid in advance are deferred to the period in which the income relates. All costs associated with the procurement of membership subscriptions are expensed as incurred. The current membership periods are as follows:-

Twelve (12) months	From 1st January 2011 to 31st December 2011
Three (3) years	From 1st January 2011 to 31st December 2013
Five (5) years	From 1st January 2011 to 31st December 2015

(j) ACCOUNTING CLASSIFICATIONS

Where changes occurred in accounting classifications the comparative figures for 2010 have been restated in accordance with the change.

(k) IMPAIRMENT OF ASSETS

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

(l) INTANGIBLE ASSETS - NOTE 11

Poker Machine Entitlements

Poker machine entitlements are not amortised. Instead, poker machine entitlements are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

	2011 \$	2010 \$
2. REVENUE FROM CONTINUING OPERATIONS		
<u>Sales revenue</u>		
Food and Beverage	5,333,101	5,207,875
Gaming Income	16,929,913	15,916,969
	<u>22,263,014</u>	<u>21,124,844</u>
<u>Other operating revenue</u>		
Sundry Income	8,909	12,969
Member Subscriptions	178,885	138,107
Health Club Income	185,540	145,340
Interest	32,540	20,739
Property Rental (net)	318,184	305,481
	<u>724,058</u>	<u>622,636</u>
TOTAL REVENUE FROM CONTINUING OPERATIONS	<u>22,987,072</u>	<u>21,747,480</u>

3. EXPENSES

(a) Profit before income tax includes the following specific expenses:

Cost of goods sold	1,686,120	1,636,795
Depreciation of non-current assets		
Plant and Equipment	211,819	145,489
Buildings & Improvements	910,000	872,144
Amounts set aside/(decrease) for provisions		
Employee entitlements (net)	116,446	53,060
Defined Contribution superannuation expense	452,364	389,962
Interest paid	143,217	151,790

(b) Key Performance Indicators

Bar		
Gross profit percentage	62.04%	62.07%
Wages to sales percentage	22.80%	19.78%
Catering		
Gross profit percentage	60.49%	61.36%
Wages to sales percentage	61.62%	55.08%
EBITDA percentage	10.37%	11.12%

4. INCOME TAX

The company is liable for income tax only on income derived from non-members and from investments with outside entities. Additional income tax is payable as a result of the club industry negotiating with the Australian Taxation Office (ATO) in regards to the assessability of commission income.

2011 2010
\$ \$

INCOME TAX EXPENSE

The amount set aside for income tax in the profit and loss account has been calculated as follows:-

Proportion of income attributable to non-members	2,488,730	2,579,443
Less: Proportion of expenses attributable to non-members	<u>1,702,919</u>	<u>1,750,956</u>
	785,811	828,487
Add: Other taxable income	<u>384,846</u>	<u>360,853</u>
	1,170,657	1,189,340
Less: Other deductible expenses	<u>827,711</u>	<u>760,283</u>
Net income	<u><u>342,946</u></u>	<u><u>429,057</u></u>
Income tax applicable to above at tax rate of 30%	102,884	128,717
Plus/(Less): Income tax (over)/under provided in prior years	<u>(7,920)</u>	<u>(72,212)</u>
Total income tax expense	<u><u>94,964</u></u>	<u><u>56,505</u></u>
Current Company tax payable	<u>102,884</u>	<u>128,717</u>

5. CASH (CURRENT)

Cash on hand	244,000	244,000
Cash at bank	<u>769,431</u>	<u>1,136,079</u>
	<u><u>1,013,431</u></u>	<u><u>1,380,079</u></u>

6. RECEIVABLES (CURRENT)

Trade debtors	(57,524)	(36,408)
Rent owing	<u>9,416</u>	<u>5,572</u>
	<u><u>(48,108)</u></u>	<u><u>(30,836)</u></u>

7. INVESTMENTS (CURRENT)

Term Deposits	<u>9,787</u>	<u>9,787</u>
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8. INVENTORIES (CURRENT)

Raw materials and stores	<u>166,751</u>	<u>147,009</u>
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9. OTHER (CURRENT)

Prepayments	<u>775,267</u>	<u>546,206</u>
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	2011 \$	2010 \$
10. PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT)		
Freehold Land (45-47 Rawson Street) at cost	<u>1,754,976</u>	<u>1,754,976</u>
Club Building & Improvements at cost	21,269,781	19,896,452
<u>Less</u> accumulated depreciation	<u>6,801,855</u>	<u>5,891,855</u>
	<u>14,467,926</u>	<u>14,004,597</u>
Total Land & Buildings (Core Property)	<u>16,222,902</u>	<u>15,759,573</u>
Club Vehicles at cost	222,309	214,450
<u>Less</u> accumulated depreciation	<u>36,320</u>	<u>69,077</u>
	<u>185,989</u>	<u>145,373</u>
Gaming Furniture at cost	630,116	547,215
<u>Less</u> accumulated depreciation	<u>544,260</u>	<u>535,620</u>
	<u>85,856</u>	<u>11,595</u>
Plant and Equipment, Furniture and Fittings at cost	5,278,712	5,151,333
<u>Less</u> accumulated depreciation	<u>5,090,306</u>	<u>4,924,305</u>
	<u>188,406</u>	<u>227,028</u>
Total Plant & Equipment	<u>460,251</u>	<u>383,996</u>
Tableware Items at cost	(Note 1 (e)) 132,072	132,072
Uniforms at cost	(Note 1 (e)) <u>41,518</u>	<u>41,518</u>
	<u>173,590</u>	<u>173,590</u>
TOTAL PROPERTY, PLANT & EQUIPMENT	<u>16,856,743</u>	<u>16,317,159</u>

Valuations

These valuations have not been taken up in the financial statements:
Valuations 18th June 2006

Freehold Land (45-47 Rawson Street)	3,000,000
Club Building & Improvements	<u>15,300,000</u>
	<u>18,300,000</u>

Valuation by registered valuers Global Valuation Services Pty Ltd - Alan Colman, Registered Valuer No 27.
The above freehold property is classified as "Core Property" in accordance with the requirements of the Registered Clubs Act (2006).

	2011 \$	2010 \$
11. INVESTMENT PROPERTIES (Non-core Property)		
Opening balance as at 1 July	6,114,925	6,114,925
Additions	1,310,436	-
Closing balance as at 30 June	<u>7,425,361</u>	<u>6,114,925</u>

Investment properties are stated at fair value, which has been determined based on valuations performed by Global Valuation Services Pty Ltd as at 22 June 2009.

Global Valuation Services Pty Ltd is an industry specialist in valuing these types of investment properties.

It is a requirement of the Corporations Act 2001 for the directors to form a view as to the valuation of land and buildings as at 30 June 2011. The directors therefore believe that a reasonable value for the purpose of the Corporations Act 2001 is the current book value shown in the financial statements. Therefore the properties were not revalued this year.

The land holdings of Epping RSL (Sub-Branch) & Community Club Limited are classified as either core or non-core properties, as listed below

Core Properties

- The Epping Club premises at 45-47 Rawson Street, Epping

Non-Core Properties

- 52 Rawson Street, Epping
- 50E Rawson Street, Epping
- 49-51 Beecroft Road, Epping

12. INTANGIBLE ASSETS (NON-CURRENT)

Poker Machine Entitlements - at cost	174,658	-
<u>Less</u> accumulated impairment losses	<u>-</u>	<u>-</u>
	<u>174,658</u>	<u>-</u>

At the end of the reporting period the company assessed the recoverable amount of poker machine entitlements based on the recoverable amount of cash generating units (poker machine) value in use. A discount factor of 6% per annum was applied in the value in use model.

13. CREDITORS AND BORROWINGS (CURRENT)

Trade Creditors	844,176	914,655
Goods and Services Tax	203,517	163,494
	<u>1,047,693</u>	<u>1,078,149</u>

14. INTEREST BEARING LIABILITIES (CURRENT)

NAB Bank Loan	(Note 28C(iii)) <u>600,000</u>	<u>600,000</u>
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		2011 \$	2010 \$
15.	CURRENT TAX LIABILITIES		
	Income Tax Payable	(Note 4) <u>103,000</u>	<u>130,687</u>
16.	PROVISIONS (CURRENT)		
	Employee Entitlements	(Note 21) <u>500,588</u>	<u>428,368</u>
17.	OTHER LIABILITIES (CURRENT)		
	Deferred Subscription Income	(Note 1(i)) <u>46,665</u>	<u>75,321</u>
18.	PROVISIONS (NON-CURRENT)		
	Employee Entitlements	(Note 21) <u>381,559</u>	<u>337,333</u>
19.	INTEREST BEARING LIABILITIES (NON-CURRENT)		
	Bills Payable (secured)	(Note 28C(iii)) <u>2,000,000</u>	<u>1,100,000</u>
20.	OTHER LIABILITIES (NON-CURRENT)		
	Deferred Subscription Income	(Note 1(i)) <u>138,219</u>	<u>154,846</u>
21.	EMPLOYEE ENTITLEMENTS		
	The aggregate employee entitlement liability recognised and included in the financial statements is as follows:		
	Provision for employee entitlements		
	Current (Note 16)	500,588	428,368
	Non-Current (Note 18)	<u>381,559</u>	<u>337,333</u>
		<u>882,147</u>	<u>765,701</u>
	Number of employees at end of financial year	<u>150</u>	<u>140</u>
22.	RETAINED EARNINGS		
	Operating Profit/(Loss) before income tax	1,071,621	1,205,320
	Income tax attributable to operating profit	(Note 4) <u>(95,080)</u>	<u>(56,505)</u>
	Operating Profit/(Loss) after income tax	976,541	1,148,815
	Retained profits at the beginning of the financial year	<u>20,579,625</u>	<u>19,430,810</u>
	Retained profits at the end of the financial year	<u>21,556,166</u>	<u>20,579,625</u>

	2011 \$	2010 \$
23. EXPENDITURE COMMITMENTS		
(a) <u>Capital Expenditure</u>		
Estimated capital expenditure contracted for at balance date but not provided for:		
payable within one year	-	-
payable later than one year	-	-
	<u>-</u>	<u>-</u>
(b) Rental agreement commitments for use of technology equipment:		
payable within one year	1,500,000	1,300,000
payable later than one year but not later than two years	1,500,000	1,300,000
payable later than two years but not later than five years	500,000	500,000
	<u>3,500,000</u>	<u>3,100,000</u>

24. SUPERANNUATION COMMITMENTS

Contributions are made by the Company to an award-based superannuation fund for all employees and a Company retirement fund for employees who qualify for acceptance. All contributions are charged as expenses as they occur. The Company has no legal obligation to cover any shortfall in the funds' obligations to provide benefits to employees on retirement.

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

- (a) The Directors of the Epping R.S.L. (Sub-Branch) & Community Club Limited during the year were: D. Taylor, M. Falconer, K. Wighton, R.H. Waterson, J.Curdie, J. Prestidge, K Baker, J. Donohoe.

Aggregate income received or due and receivable by the Directors of the Company from the Company:

<u>Nil</u>	<u>Nil</u>
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- (b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company during the financial year.

<u>Name</u>	<u>Position</u>
Peter Saez	Chief Executive Officer
Steve Anson	Operations

- (c) Key Management Personnel Compensation

Benefits and payments made to the Other Key Management Personnel as above

<u>310,000</u>	<u>280,000</u>
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26. CONTINGENT LIABILITIES

A contingent liability exists with regard to bonus points earned prior to 30th June 2011 but not redeemed by that date. The amount outstanding is:

<u>72,500</u>	<u>50,000</u>
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27. LIMITATION OF MEMBERS' LIABILITY

In accordance with the Memorandum of Association the liability of members, in the event of the Company being wound up, would not exceed \$2 per member.

2011 2010
\$ \$

28. NOTES TO THE STATEMENT OF CASH FLOWS

(A) Reconciliation of Cash:

For the purposes of the Statement of Cash Flows cash includes cash on hand and in banks and investments in money market instruments net of outstanding bank overdraft.

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Cash	1,013,431	1,380,079
Deposit at call	9,787	9,787
	1,023,218	1,389,866

(B) Reconciliation of net cash provided by operating activities to operating profit after Income Tax:

Operating Profit after extraordinary items and income tax	976,541	1,148,815
<u>Add Back Non Cash Outlays</u>		
Depreciation & Amortisation of Non-current Assets	1,121,819	1,017,633
(Decrease)/Increase in income tax payable	(27,687)	88,701
Changes in net Assets & Liabilities:		
(Increase)/Decrease in current receivables	17,272	168,143
(Increase)/Decrease in current inventories	(19,742)	10,115
(Increase)/Decrease in current other assets	(229,061)	54,214
Increase/(Decrease) in trade creditors	(30,456)	(151,706)
Increase/(Decrease) in current provisions	72,220	12,900
Increase/(Decrease) in non-current provisions	44,226	40,160
Increase/(Decrease) in subscriptions in advance	(45,283)	19,591
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,879,849	2,408,566

(C) Financing Facilities

The Company has a secured arrangement with the National Australia Bank to provide the following credit standby and loan facilities:-

(i) National Business Markets Loan - Capped/Variable rate
(expires 31 July 2016))

- amount used	2,600,000	1,700,000
- amount unused	-	1,127,750
	2,600,000	2,827,750

(ii) Bank Overdraft (expires 31 July 2016)

- amount used	-	-
- amount unused	50,000	50,000
	50,000	50,000

(iii) The National Business Markets Loan of \$2,600,000 and the Bank Overdraft facility are secured by a registered first mortgage over the Club's freehold land and buildings at 45-47 Rawson Street Epping and 49-52 Beecroft Road Epping together with a fixed and floating charge over the assets of the club.

(iv) Bank Guarantee Facility of \$495,000 in favour of Alleasing Pty Ltd for the financing of gaming equipment.

(v) Business card facility - \$10,000
Direct debit system - \$20,000
Merchant Acquiring facilities - \$400,000