
North Bondi RSL Club Limited

ABN 89 001 033 601

**Annual Financial Report
31 December 2010**

North Bondi RSL Club Limited

Directors' Report

Your directors present their report together with the financial report of **North Bondi RSL Club Limited** (the company) for the year ended 31 December 2010 and the auditor's report thereon.

Directors

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

| Name of the director | Date of appointment | Experience and special responsibilities |
|-----------------------------|----------------------------|---|
| M Bell | 19 April 2009 | 2 years as company director and President |
| F Alderman | 2 April 2006 | Retired, 5 years as company director and Vice-President |
| J Heapy | 22 September 1999 | Retired, and 12 years as company director |
| P Simpson | 10 April 2007 | 4 years as company director |
| J Wood | 17 June 1998 | Cleaner, and 12 years as company director |
| R Kelsey | 19 April 2009 | Fireman, and 2 years as company director |
| D Roberts | 20 May 2001 | Retired, and 10 years as company director |

Directors' meetings

The number of directors' meetings including meetings of committees of directors and number of meetings attended by each of the directors of the company during the financial year are:

| Director | Number of meetings attended | Number of meetings held * |
|-----------------|------------------------------------|----------------------------------|
| M Bell | 10 | 12 |
| F Alderman | 10 | 12 |
| J Heapy | 11 | 12 |
| P Simpson | 12 | 12 |
| J Wood | 12 | 12 |
| R Kelsey | 10 | 12 |
| D Roberts | 8 | 12 |

* Number of meetings held during the time the director held office during the year.

North Bondi RSL Club Limited

Directors' Report (continued)

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2010 and the comparison with last year is as follows:

| | 2010 | 2009 |
|-----------|-------|-------|
| Ordinary | 50 | 45 |
| Associate | 7,196 | 7,537 |
| Life | 1 | 1 |
| | <hr/> | <hr/> |
| | 7,247 | 7,583 |
| | <hr/> | <hr/> |

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member towards meeting any outstanding obligation of the company.

Operating result

The net profit from ordinary activities before tax for the year amounted to \$ 58,732 compared with \$ 271,417 for the prior year. This resulted after charging \$ 230,465 (2009: \$ 241,695) for depreciation/amortisation and before charging \$ 35,870 (2009: \$ 38,606) for income tax.

Objectives

The company's long term objective is to provide first class social facilities & amenities for the benefit of the Members & their guests, primarily from the eastern suburbs as well as local & international tourists.

Strategy for achieving the objectives

The objective is to be achieved by continuing to maintain a level of profitability to allow re-investment into the upgrading of the premises, thereby encouraging & developing long term & viable business.

Principal activities

The principal activities of the company during the course of the financial year were the promotion of the objects of the Club & the conduct and promotion of a licensed social Club for the Members.

There were no significant changes in the nature of the activities of the company during the year.

North Bondi RSL Club Limited

Directors' Report (continued)

How these activities assist in achieving the objectives

By providing access & enjoyment of a world class setting in a relaxed environment to members, their guests, and the public, whilst delivering a high level of customer service

Performance measurement and key performance indicator

The Club evaluates performance by comparison to other clubs. This comparison is both local (Eastern suburbs) and across New South Wales.

Performance is also measured by comparing income and expenditure over prior periods as well as evaluating trend lines.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the directors.

Dated at North Bondi this 22nd day of March 2011.

M Bell
President

North Bondi RSL Club Limited
Auditor's Independence Declaration



As lead auditor for the audit of North Bondi RSL Club Limited for the year ended 31 December 2010, I declare that to the best of my knowledge and belief there have been:

- (a) no contraventions of the auditor independence requirements of 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.

This declaration is in respect to North Bondi RSL Club Limited during the year.

PKF

Paul Cheeseman
Partner

22 March 2011

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The PKF East Coast Practice is a member of the PKF International Limited network of legally independent member firms. The PKF East Coast Practice is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF East Coast Practice has offices in NSW, Victoria and Brisbane. PKF East Coast Practice does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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North Bondi RSL Club Limited

Independent Audit Report



Chartered Accountants
& Business Advisers

To the members of North Bondi RSL Club Limited

Report on the Financial Report

We have audited the accompanying financial report of North Bondi RSL Club Limited, which comprises the Statement of Financial Position as at 31 December 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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.

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

Independence

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

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North Bondi RSL Club Limited
Independent Audit Report (continued)



Auditor's Opinion

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

- (i) giving a true and fair view of the entity's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and

PKF

Paul Cheeseman
Partner

22 March 2011

North Bondi RSL Club Limited

Directors' Declaration

The directors of North Bondi RSL Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 8 to 27, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Corporations Regulations 2001.

- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at North Bondi this 22nd day of March 2011.

M Bell
President

North Bondi RSL Club Limited
Statement of Comprehensive Income
For the Year Ended 31 December 2010

| | Note | 2010 \$ | 2009 \$ |
|--|------|-------------|-------------|
| Revenue from continuing operations | | | |
| Sale of goods | | 2,083,174 | 2,313,336 |
| Rendering of services | | 482,501 | 596,384 |
| Other revenue | | 103,059 | 84,638 |
| | | <hr/> | <hr/> |
| Total revenue from continuing operations | 2 | 2,668,734 | 2,994,358 |
| | | <hr/> | <hr/> |
| Expenses | | | |
| Cost of sales | | (689,230) | (790,069) |
| Employee benefits expense | | (786,132) | (753,711) |
| Entertainment, marketing and promotional costs | | (231,053) | (271,216) |
| Occupancy expenses | | (397,751) | (404,819) |
| Other expenses from ordinary activities | | (255,750) | (229,456) |
| | | <hr/> | <hr/> |
| | | (2,359,916) | (2,449,271) |
| | | <hr/> | <hr/> |
| Earnings before depreciation and amortisation, loss on disposal of property, plant and equipment, donations and grants | | 308,818 | 545,131 |
| Depreciation and amortisation expenses | 3(a) | (230,465) | (241,695) |
| Loss on disposal of property, plant and equipment | 3(a) | - | (22,805) |
| Donations and grants | | (19,621) | (9,214) |
| | | <hr/> | <hr/> |
| Profit before income tax | | 58,732 | 271,417 |
| Income tax expense | 4(a) | (35,870) | (38,606) |
| | | <hr/> | <hr/> |
| Net profit from continuing operations after income tax expense attributable to members | 13 | 22,862 | 232,811 |
| | | <hr/> | <hr/> |
| Other comprehensive income | | - | - |
| | | <hr/> | <hr/> |
| Total comprehensive income for the year, net of tax | | 22,862 | 232,811 |
| | | <hr/> | <hr/> |

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 12 to 27.

North Bondi RSL Club Limited
Statement of Financial Position
As at 31 December 2010

| | Note | 2010 \$ | 2009 \$ |
|--------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 725,805 | 437,493 |
| Trade and other receivables | 6 | 18,895 | 67,025 |
| Inventories | 7 | 56,138 | 56,576 |
| Other | 8 | <u>56,670</u> | <u>69,170</u> |
| Total Current Assets | | <u>857,508</u> | <u>630,264</u> |
| Non-Current Assets | | | |
| Property, plant and equipment | 9 | 766,931 | 979,111 |
| Deferred tax assets | 4(c) | <u>3,626</u> | <u>2,918</u> |
| Total Non-Current Assets | | <u>770,557</u> | <u>982,029</u> |
| Total Assets | | <u>1,628,065</u> | <u>1,612,293</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | 153,615 | 171,849 |
| Current tax liabilities | 4(b) | 17,757 | 20,971 |
| Employee benefits | 11 | 21,925 | 14,604 |
| Other current liabilities | 12 | <u>41,535</u> | <u>47,102</u> |
| Total Current Liabilities | | <u>234,832</u> | <u>254,526</u> |
| Non-Current Liabilities | | | |
| Employee benefits | 11 | <u>12,604</u> | <u>-</u> |
| Total Non-Current Liabilities | | <u>12,604</u> | <u>-</u> |
| Total Liabilities | | <u>247,436</u> | <u>254,526</u> |
| Net Assets | | <u>1,380,629</u> | <u>1,357,767</u> |
| Members' Funds | | | |
| Retained profits | 13 | <u>1,380,629</u> | <u>1,357,767</u> |
| Total Members' Funds | | <u>1,380,629</u> | <u>1,357,767</u> |

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 12 to 27.

North Bondi RSL Club Limited
Statement of Changes in Equity
For the Year Ended 31 December 2010

| | Retained Earnings \$ | Total Equity \$ |
|---|-------------------------------------|--------------------------------|
| Balance at 1 January 2009 | 1,124,956 | 1,124,956 |
| Net profit for the year | 232,811 | 232,811 |
| Other comprehensive income for the year | - | - |
| | <hr/> | <hr/> |
| Total comprehensive income for the year | 232,811 | 232,811 |
| | <hr/> | <hr/> |
| Balance at 31 December 2009 | 1,357,767 | 1,357,767 |
| | <hr/> | <hr/> |
| Net profit for the year | 22,862 | 22,862 |
| Other comprehensive income for the year | - | - |
| | <hr/> | <hr/> |
| Total comprehensive income for the year | 22,862 | 22,862 |
| | <hr/> | <hr/> |
| Balance at 31 December 2010 | 1,380,629 | 1,380,629 |
| | <hr/> | <hr/> |

The Statement of Changes in Equity should be read in conjunction with the accompanying notes set out on pages 12 to 27.

North Bondi RSL Club Limited
Statement of Cash Flows
For the Year Ended 31 December 2010

| | Note | 2010 \$ | 2009 \$ |
|---|-------------|-------------------|-------------------|
| Cash Flows From Operating Activities | | | |
| Receipts from customers | | 2,870,373 | 2,827,323 |
| Payments to suppliers and employees | | (2,626,503) | (2,474,929) |
| Interest received | | 19,859 | 4,253 |
| Rent received | | 83,200 | 80,385 |
| Income taxes paid | 4(b) | (39,792) | (36,830) |
| | | <hr/> | <hr/> |
| Net cash inflow from operating activities | | 307,137 | 400,202 |
| | | <hr/> | <hr/> |
| Cash Flows From Investing Activities | | | |
| Payment for property, plant and equipment | | (18,825) | (198,635) |
| | | <hr/> | <hr/> |
| Net cash outflow from investing activities | | (18,825) | (198,635) |
| | | <hr/> | <hr/> |
| Cash Flows From Financing Activities | | | |
| Repayment of borrowing | | - | (27,595) |
| | | <hr/> | <hr/> |
| Net cash outflow from financing activities | | - | (27,595) |
| | | <hr/> | <hr/> |
| Net increase in cash and cash equivalents | | 288,312 | 173,972 |
| Cash and cash equivalents at the beginning of the financial year | | 437,493 | 263,521 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the financial year | 5 | 725,805 | 437,493 |
| | | <hr/> | <hr/> |

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 12 to 27.

Notes to the Financial Statements

For the Year Ended 31 December 2010

1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

In preparing the financial report the company has taken the exemptions available to non profit entities.

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The financial statements of the North Bondi RSL Club Limited comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

Historical Cost Convention

These 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.

(b) Revenue Recognition – Note 2

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised when the services are provided.

Notes to the Financial Statements

For the Year Ended 31 December 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(b) Revenue Recognition – Note 2 (continued)

Interest Revenue

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

Rental Income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Sale of Property, Plant and Equipment

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as revenue at the date control of the asset passes to the buyer.

(c) 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 Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office 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, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(d) Income Tax – Note 4

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the comprehensive Statement of Financial Position liability method whereby:

- The tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- Current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

Notes to the Financial Statements

For the Year Ended 31 December 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(e) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(f) Use and Revisions of Accounting Estimates

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. 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.

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.

(g) Cash and Cash Equivalents - Note 5

Cash and cash equivalents include cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts.

(h) Inventories – Note 7

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

(i) Operating leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Notes to the Financial Statements

For the Year Ended 31 December 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(j) Property, Plant and Equipment – Note 9

Property, plant and equipment is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company/group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The depreciable amount of all fixed assets is depreciated using the straight line/ diminishing value methods to allocate their cost amounts, net of their residual values, over their estimated useful lives, as follows:

| | |
|-----------------------------------|-----------------|
| Leasehold improvements | Period of lease |
| Plant and equipment | 3 to 5 years |
| Furniture, fittings and equipment | 5 to 10 years |

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note xx).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

Notes to the Financial Statements

For the Year Ended 31 December 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(k) Trade and Other Payables – Note 10

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Employee Benefits – Note 11

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

(m) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) New Accounting Standards and Interpretations

Adoption of New Accounting Standards

Early adoption of standards

The entity has elected to apply the following pronouncements to the annual reporting period beginning 1 January 2010:

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

The early adoption of AASB 1053 enables the entity to be part of the Tier 2 reporting requirements for general purpose financial statements. The Tier 2 reporting framework comprises the recognition and measurement requirements of Tier 1 but substantially reduced disclosure requirements. The entity is eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements and has adopted the requirements of the standard effective from the financial year ended 31 December 2010.

Notes to the Financial Statements

For the Year Ended 31 December 2010 (continued)

| | 2010 \$ | 2009 \$ |
|---|------------------------|------------------------|
| 2 Revenue from Continuing Operations | | |
| Sale of Goods Revenue | | |
| Bar sales | 2,083,174 | 2,313,336 |
| | <hr/> 2,083,174 | <hr/> 2,313,336 |
| Rendering of Services Revenue | | |
| Poker machines – net clearances | 237,461 | 329,510 |
| Members' subscriptions | 131,523 | 134,417 |
| TAB Commissions | 11,274 | 13,119 |
| Keno sales | 10,959 | 12,003 |
| Commission received | 23,814 | 30,401 |
| Sundry income | 67,470 | 76,934 |
| | <hr/> 482,501 | <hr/> 596,384 |
| Other Revenues | | |
| Interest received | 19,859 | 4,253 |
| Rent received | 83,200 | 80,385 |
| | <hr/> 103,059 | <hr/> 84,638 |
| Total revenue from continuing operations | <hr/> 2,668,734 | <hr/> 2,994,358 |

Notes to the Financial Statements

For the Year Ended 31 December 2010 (continued)

| | 2010 \$ | 2009 \$ |
|--|----------------|----------------|
| 3 Expenses | | |
| (a) Profit before income tax includes the following specific expenses: | | |
| Rental expense relating to operating leases | <u>159,518</u> | <u>154,876</u> |
| Depreciation and amortisation | | |
| Leasehold improvements | 104,420 | 126,666 |
| Plant and equipment | 107,319 | 94,422 |
| Furniture and fittings | 18,726 | 20,607 |
| | <u>230,465</u> | <u>241,695</u> |
| Net expense from movements in provision for employee benefits | <u>19,925</u> | <u>1,036</u> |
| Defined contribution superannuation expense | <u>57,630</u> | <u>56,535</u> |
| Loss on disposal of property, plant and equipment | <u>-</u> | <u>22,805</u> |

Notes to the Financial Statements

For the Year Ended 31 December 2010 (continued)

| | 2010 | 2009 |
|--|-------------|-------------|
| | % | % |
| 3 Expenses (continued) | | |
| (b) Key Performance Indicators | | |
| Bar | | |
| Gross profit | 1,393,944 | 1,523,267 |
| Gross profit percentage | 66.91% | 65.84% |
| Employee expenses – percentage of total revenue | 29.45% | 25.17% |
| EBITDA percentage | 11.57% | 18.20% |

4 Income Tax

(a) Income Tax Expense

The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities.

| | 2010 | 2009 |
|---|-------------|-------------|
| | \$ | \$ |
| The amount set aside for income tax in the statement of financial performance has been calculated as follows: | | |
| Proportion of income attributable to non-members | 829,826 | 1,040,867 |
| Less: Proportion of expenses attributable to non-members | (770,751) | (945,871) |
| | <hr/> | <hr/> |
| Add: Other taxable income | 59,075 | 94,996 |
| | 166,286 | 302,837 |
| | <hr/> | <hr/> |
| Less: Other deductible expenses | 225,361 | 397,833 |
| | (103,434) | (268,916) |
| | <hr/> | <hr/> |
| Net income subject to tax | 121,927 | 128,917 |
| | <hr/> | <hr/> |
| Current income tax applicable to above at rate of 30% | 36,578 | 38,675 |
| Increase in deferred tax assets | (708) | (69) |
| | <hr/> | <hr/> |
| Income tax expense | 35,870 | 38,606 |
| | <hr/> | <hr/> |

Notes to the Financial Statements

For the Year Ended 31 December 2010 (continued)

4 Income Tax (Continued)

| (b) Current Tax Liabilities | 2010 \$ | 2009 \$ |
|--|------------|------------|
| Movements during the year: | | |
| Balance at beginning of year | 20,971 | 19,126 |
| Income tax paid | (39,792) | (36,830) |
| Current year's income tax expense on profit | 36,578 | 38,675 |
| | 17,757 | 20,971 |
| | | |
| (c) Deferred Tax Assets | | |
| The balance comprises temporary differences attributable to: | | |
| Employee benefits | 3,626 | 2,918 |
| | 3,626 | 2,918 |
| Net deferred tax assets | 3,626 | 2,918 |
| | 3,626 | 2,918 |
| | | |
| Movements | | |
| Opening balance | 2,918 | 2,849 |
| Credited to the Statement of Comprehensive Income | 708 | 69 |
| | 3,626 | 2,918 |
| Closing balance | 3,626 | 2,918 |

Notes to the Financial Statements

For the Year Ended 31 December 2010 (continued)

5 Cash and Cash Equivalents

Reconciliation of Cash

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

| | 2010 | 2009 |
|---------------------------|-------------|-------------|
| | \$ | \$ |
| Cash and cash equivalents | 725,805 | 437,493 |
| | <hr/> | <hr/> |

6 Trade and Other Receivables

Current

| | | |
|-------------------|--------|--------|
| Trade receivables | 18,895 | 67,025 |
| | <hr/> | <hr/> |

7 Inventories

| | | |
|--------------------------|--------|--------|
| Finished goods – at cost | 56,138 | 56,576 |
| | <hr/> | <hr/> |

8 Other Assets

Current

| | | |
|-------------|--------|--------|
| Prepayments | 56,670 | 69,170 |
| | <hr/> | <hr/> |

North Bondi RSL Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2010 (continued)

| | 2010 | 2009 |
|--|----------------------|----------------------|
| | \$ | \$ |
| 9 Property, Plant and Equipment | | |
| Leasehold improvements | | |
| <i>At cost</i> | 734,646 | 734,646 |
| <i>Accumulated amortisation</i> | (273,549) | (169,129) |
| | <hr/> | <hr/> |
| | 461,097 | 565,517 |
| | <hr/> | <hr/> |
| Plant and equipment | | |
| <i>At cost</i> | 920,237 | 901,952 |
| <i>Accumulated depreciation</i> | (705,403) | (598,084) |
| | <hr/> | <hr/> |
| | 214,834 | 303,868 |
| | <hr/> | <hr/> |
| Furniture and fittings | | |
| <i>At cost</i> | 310,381 | 310,381 |
| <i>Accumulated depreciation</i> | (219,381) | (200,655) |
| | <hr/> | <hr/> |
| | 91,000 | 109,726 |
| | <hr/> | <hr/> |
| Total property, plant and equipment net book value | <hr/> 766,931 | <hr/> 979,111 |

Notes to the Financial Statements

For the Year Ended 31 December 2010 (continued)

9 Property, Plant and Equipment (continued)

| | 2010 \$ | 2009 \$ |
|-----------------|------------|------------|
| Reconciliations | | |

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:

Leasehold Improvements

| | | |
|--------------------------------------|-----------|-----------|
| Carrying amount at beginning of year | 565,517 | 662,579 |
| Additions | - | 34,082 |
| Disposals | - | (4,478) |
| Amortisation expense | (104,420) | (126,666) |
| | <hr/> | <hr/> |
| Carrying amount at end of year | 461,097 | 565,517 |
| | <hr/> | <hr/> |

Plant and Equipment

| | | |
|--------------------------------------|-----------|----------|
| Carrying amount at beginning of year | 303,868 | 278,842 |
| Additions | 18,285 | 135,232 |
| Disposals | - | (15,784) |
| Depreciation expense | (107,319) | (94,422) |
| | <hr/> | <hr/> |
| Carrying amount at end of year | 214,834 | 303,868 |
| | <hr/> | <hr/> |

Furniture and fittings

| | | |
|--------------------------------------|----------|----------|
| Carrying amount at beginning of year | 109,726 | 103,555 |
| Additions | - | 29,321 |
| Disposals | - | (2,543) |
| Depreciation expense | (18,726) | (20,607) |
| | <hr/> | <hr/> |
| Carrying amount at end of year | 91,000 | 109,726 |
| | <hr/> | <hr/> |

10 Trade and Other Payables

| | | |
|--------------------------------------|---------|---------|
| Trade payables | 58,128 | 59,546 |
| Goods and Services Tax (GST) payable | 43,210 | 40,368 |
| Other payables and accrued expenses | 52,277 | 71,935 |
| | <hr/> | <hr/> |
| | 153,615 | 171,849 |
| | <hr/> | <hr/> |

Notes to the Financial Statements

For the Year Ended 31 December 2010 (continued)

| | 2010 \$ | 2009 \$ |
|-----------------------------|------------|------------|
| 11 Employee Benefits | | |
| Current | 21,925 | 14,604 |
| | <hr/> | <hr/> |
| Non-current | 12,604 | - |
| | <hr/> | <hr/> |

The present value of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:

| | | |
|---|-------|---|
| Assumed rate of increase in wage and salary rates | 3% | - |
| Discount rate | 5.33% | - |
| Settlement term (years) | 10 | - |

Superannuation Plans

Contributions

The company is under a legal obligation to contribute 9% of each employee's base salary to a superannuation fund.

12 Other Liabilities

Current

| | | |
|----------------------------|--------|--------|
| Income received in advance | 41,535 | 47,102 |
| | <hr/> | <hr/> |

13 Retained Profits

| | | |
|---|-----------|-----------|
| Retained profits at the beginning of the year | 1,357,767 | 1,124,956 |
| Net profit during the year | 22,862 | 232,811 |
| | <hr/> | <hr/> |
| Retained profits at the end of the year | 1,380,629 | 1,357,767 |
| | <hr/> | <hr/> |

Notes to the Financial Statements

For the Year Ended 31 December 2010 (continued)

| | 2009 \$ | 2009 \$ |
|--|------------|------------|
| 14 Contingent Liabilities | | |
| Bank Guarantees | | |
| The company has given the following bank guarantees: | 5,000 | 5,000 |

Mutuality Principle

The company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, eg. poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations.

Following the Full Federal Court decision in Coleambally Irrigation Mutual Co-operative Limited v FCT [2004] FCAFC 250, Tax Laws Amendment (2005 Measures No. 6) Bill 2005 was tabled in Parliament on 7 December 2005 to amend the Income Tax Assessment Act 1997 to restore the long standing benefits of the mutuality principle to those non-profit organisations affected by the Coleambally decision.

These amendments will ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

LITIGATION

The company is involved in a legal dispute with its Bistro contractor. Based on legal opinion obtained the management is of the opinion that no significant liability would eventuate to the company.

Notes to the Financial Statements For the Year Ended 31 December 2010 (continued)

15 Key Management Personnel Details

(a) Directors

The following persons were non-executive directors of the company during the financial year:

Name of the director

M Bell
F Alderman
J Heapy
P Simpson
J Wood
R Kelsey
D Roberts

(b) Other Key Management Personnel

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

| Name | Position |
|----------------|-----------------|
| Steve Lovat | General Manager |
| David Collings | Supervisor |
| Darren Jones | Supervisor |

(c) Key Management Personnel Compensation

The following are benefits and payments made to the Directors and Other Key Management Personnel named in (a) and (b) above:

| | 2010 | 2009 |
|---|-------------|-------------|
| | \$ | \$ |
| Benefits and payments made to the Directors and Other Key Management Personnel named in (a) and (b) above | 243,642 | 232,855 |

Notes to the Financial Statements For the Year Ended 31 December 2010 (continued)

16 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 15.

Directors' Transactions with the Company

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

17 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. At 31 December 2010 there were 7,247 members.

The registered office of the company is 118-120, Ramsgate avenue, North Bondi, NSW, 2026.

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member towards meeting any outstanding obligation of the company.

18 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.