



**ANNUAL REPORT 2009**  
**for year ending Dec 31 2009**

BRONTE R.S.L. CLUB LIMITED  
A.B.N. 69 279 391 621  
113 Macpherson St WAVERLEY 2024

**NOTICE IS HEREBY GIVEN THAT THE ANNUAL  
GENERAL MEETING OF MEMBERS OF THE BRONTE  
R.S.L. CLUB LIMITED WILL BE HELD IN THE CLUB  
AUDITORIUM ON 23 MAY 2010 AT 10AM.**

**Business:**

1. Confirm the minutes of the previous Annual General Meeting held Sunday 24th May 2009.
2. To receive and consider reports of the board.
3. To receive and consider reports prescribed by section 317 of the act.
4. To receive and consider the auditor's report and subject to the act appoint an auditor or auditors.
5. To conduct election for positions on the board.
6. To deal with any business of which due written notice has been handed to the secretary at least seven (7) days prior to the date of this meeting.
7. To deal with any other business of which due notice has not been given on the approval of each matter by majority vote of the meeting.\*

\*Please note that any questions that are specific to any financial matters need to be in writing and given to the Secretary Manager no later than SEVEN (7) days prior to the date of this meeting.

**FIRST RESOLUTION**

That approval is given to a budget provision of an annual sum (not exceeding \$50,000.00) to meet such of the following expenses of the Club that may be approved by the Board of Directors from time to time.

- i) Presentations to members (other than in form of money) or to other persons to acknowledge services which in the opinion of the Directors were of benefit to the Club.
- ii) Sponsorship by payment of money or provision of benefits to such sporting events, sports persons or community organisations which in the opinion of the Directors will be beneficial to the Club and Community.

- iii) The reasonable cost of a meal and beverages for each Director or Senior Management Officer at an appropriate time before or after a Board or Committee Meeting and which is incurred on the day of that meeting.
- iv) Reasonable expenses incurred by a Director either within the Club or elsewhere in relation to the duties of a Director including the entertainment of special guests of the Club in relation to Club business and such other promotional activities as may be approved by the Board.
- v) Reasonable expenditure of food and refreshments for Directors and Senior Management Officers in entertaining guests of the Club in the Club dining room, where such expenditure is reasonably and properly incurred in the course of that Director's or Senior Management Officer's Club duties.

#### **NOTES TO MEMBERS**

Items one and two are inserted to meet the disclosure requirements of the Registered Clubs Act and the Corporations Law. They formalise items of expenditure which have been shown for some years in the Club's Annual Accounts under various headings.

Items three, four and five need not be included in the resolution as the Act allows those resolutions to be approved by the Board but the Directors would prefer to inform the members clearly of the type of expenses that may be approved by the Board and adoption of this resolution will confirm and set an upper limit on the amount to be expended.

#### **SECOND RESOLUTION**

That approval is given to a budget provision of an annual sum (not exceeding \$30,000.00) to be used for such professional developments and education of Directors, the Secretary or any other employees of the Club, as shall be approved by the Board of Directors from time to time.

- i) The reasonable cost (including the cost of meals, accommodation and travel) of selected Directors attending Club NSW meetings, the meetings of other Associations of which the Club is a member, as well as educational industry meetings.
- ii) The cost of selected Directors attending formal functions to represent the Club (including but not limited to functions and dinners conducted by the Clubs NSW in conjunction with its Annual General Meeting) and the cost associated with the attendance of Director's spouses at any such function, where that attendance is expected or required.
- iii) Costs of any incidentals to Directors fact finding and information tours including but not limited to seminars, trade displays, lectures, organised study tours and other like events as may be approved by the Board of Directors from time to time.
- iv) Attendance of selected Directors at gaming conferences and other educational or business related activities on behalf of the Club.
- v) Such other reasonable out of pocket expenses incurred by the Secretary, an Employee or Director of the Club in the course of carrying out their duties in relation to the Club.  
The Board of Directors shall where appropriate obtain production of proper documentary evidence of expenditure before authorising payment.

## PRESIDENTS' REPORT

Dear Members,

It gives me great pleasure to once again write my Presidents Report for you. It has been a tough year for Bronte RSL and for the Club industry in general, in particular for Eastern Suburbs Clubs. We have managed to maintain a good financial position despite the continued economic downturn of 2008/09. To do this we had to make some tough decisions on promotions and activities provided. The most notable being Thursday night Trivia which I am glad to say has recently been reinstated. We did not, however, increase our beverage prices despite 3 CPI increases and to offset this we introduced a Members/Non Members price structure. So even though we may have cut in some areas we are still giving back to our members in any way possible. We have only recently increased the prices by 5%, which still keeps our prices at an extremely competitive level within the market.

Gaming has been our focus for most promotional activity as this is our main revenue stream, however I am glad to say there have been major prizes offered for all members in the latter half of 2009 and early 2010. The Gone Fishing promotion was very popular with members and the recent Scooter promotion generated a great deal of interest. I am pleased to say that there will be further major promotions throughout the rest of 2010 that I am sure will please every member.

Bronte RSL remains a very strong community Club with a healthy membership in both the Golf and Snooker Clubs and the swimming Club numbers are very strong as always. Once again we have donated to Bronte Surf Club this year and our intra clubs continue to provide prizes for local charities. We are committed to continuing to provide a high level of service to our members throughout 2010 and into 2011.

The next 12 months will be challenging for the Club and we know that we are still in for tough times. We are constantly keeping a very watchful eye on expenditure; this is illustrated once again this year by only sending the annual report to those members that have requested it. For all other members the Annual Report may be viewed online. It was deemed not necessary to spend money on the mailing, design and print costs when it can all be done in house.

I would like to thank Rob Austin for his tireless efforts for the last 2 years and welcome Jerome Croasdale into the role of Secretary Manager. I would also like thank my fellow board members for all their hard work this year and of course all the staff. Finally I would like to thank you, the members, for your support throughout 2009 and for your continuing support in the future.

*Michael Webster*  
Michael Webster

President

## SECRETARY MANAGERS' REPORT

Dear Members,

It gives me great pleasure to present my first Secretary Managers report for Bronte RSL Club Ltd.

I would like to start by thanking Rob Austin for his dedicated service to the Club and in particular for his 2 year tenure as Secretary Manager. Rob was an inspirational leader and will be sorely missed. On behalf of Directors, Management and staff, I wish him well with his move into the private sector and with all his future endeavours. Also, much thanks to Margaret Day who retired to the North Coast after a long career in hospitality. Margaret's experience in Club accounting and her general knowledge of Club practices is a great loss to Bronte RSL and the Club industry as a whole. Finally as far as departures from the Club go, I would like to congratulate Dane Seymour on his new position as Operations Manager at Cardiff RSL Club and wish him all the best on his future in the Club industry. Congratulations to Kieran Wood on his promotion to the role of Duty Manager. Kieran has been a valued member of the team for a number of years now and moved into the role to replace Dane with ease.

2009 has proven to be a tough year for clubs in NSW and in particular for those in the Eastern Suburbs. Bronte RSL is no exception as you will see in this annual report, with our gaming revenue dropping by 15% from \$964,844 in 2008 to \$817,935 in 2009. All Clubs rely heavily on gaming revenue and those Clubs who have been able to provide extensive smoking areas have fared better than those who have not. We reorganised our gaming room to incorporate a small gaming area for smoking patrons, which has proven to be very popular. Despite this significant drop in gaming revenue you will see a modest yet positive figure of \$6,645 in earnings before depreciation, amortisation expense and finance costs. Management and the Board of Directors have had to make some tough decisions regarding promotional activity and financial matters during 2009. These decisions are not taken lightly and can be very challenging, however your Board of Directors and Management are committed to continuing to provide the services that you have come to expect throughout 2010 and into the new year.

I would like to thank all the staff and Managers for their tireless efforts throughout 2009 and the Board of Directors for their wisdom and guidance through this financially tedious time.

I ask that any member that has questions regarding the financial statements please give them to me in writing seven (7) days prior to the AGM. This allows me sufficient time to gather the information requested and makes it possible for the AGM to run smoothly.

*Jerome Croasdale*  
Jerome Croasdale

Secretary Manager

**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 31st December 2009.

**DIRECTORS**

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

**Name and Qualifications Experience and Special Responsibilities**

<b>Michael Webster</b>	Currently President of the Club. Michael has been a Board Member since 14.5.05. Michael is a builder.
<b>Grant Brown</b>	Grant had been a Board Member since 24.5.09. Grant is a Graphic Designer. Appointed on 24.5.09.
<b>Desmond Suttle</b>	Desmond has been a Board Member since 24.5.09. Desmond is a Government worker. Appointed on 24.5.09.
<b>Lillian Bond</b>	Lillian has been a Board Member since 19.11.03. Lillian resigned on 24.5.09.
<b>James Stewart</b>	James has been a Board Member since 21.1.04. James is a retired director of the commonwealth public service.
<b>Glenn Bryant</b>	Glenn has been a Board Member since 30.4.06. Glenn resigned on 24.5.09.
<b>Duncan Horscroft</b>	Duncan has been a Board Member since 13.4.08. Duncan is a journalist.
<b>Timothy McCarthy</b>	Tim has been a Board Member since 8.7.08. Tim is an engineer.
<b>Robert Holloway</b>	Robert has been a Board Member since 13.4.08. Robert is retired.

**MEETINGS OF DIRECTORS**

During the financial year, 11 meetings of directors were held. Attendances were:

<b>Directors</b>	<b>Directors' Meetings No. Eligible To Attend</b>	<b>No. Attended</b>
<b>Michael Webster</b>	11	10
<b>Grant Brown</b>	8	8
<b>Desmond Suttle</b>	8	7
<b>Lillian Bond</b>	3	2
<b>Timothy McCarthy</b>	11	8
<b>James Stewart</b>	11	9
<b>Duncan Horscroft</b>	11	8
<b>Robert Holloway</b>	11	8
<b>Glenn Bryant</b>	3	2

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**COMPANY SECRETARY**

The following person held the position of Secretary at the end of the financial year.  
Rob Austin

### **OPERATING RESULTS**

The Loss of the company for the financial year after income tax amounted to \$298,012 (2008: Loss \$155,013). This result was after charging \$299,457 (2008 \$351,022) for Depreciation and Amortisation.

### **MEMBERSHIP**

The number of members at 31st December 2009 was 2,398 (2008: 2,436)

### **REVIEW OF OPERATIONS**

The company continued to provide the facilities of a licensed club to the members and visitors during the year under review. The company has 16 (2008 : 17) employees at balance date.

### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

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

### **PRINCIPAL ACTIVITY**

The principal activity of the company during the course of the financial year consisted of the conduct and promotion of a registered and licensed social club for members of the company.

No significant change in the nature of these activities occurred during the year.

### **AFTER BALANCE DATE EVENTS**

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

### **LIKELY DEVELOPMENTS**

The company will continue to provide the facilities of a licensed club to the members and visitors and to promote sporting activities.

### **ENVIRONMENTAL ISSUES**

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### **DIVIDENDS**

The company is a non-profit organisation and is prevented by its constitution from paying dividends.

### **INDEMNIFICATION OF OFFICERS**

The Company has given indemnity or entered an agreement provided for and paid premiums during the year for directors' and officers' liability and legal expenses' insurance contracts.

The insurance premiums relate to:

→Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome;

→Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid with respect to the directors' and officers' liability and legal expenses' insurance contract, as such disclosure is prohibited under the terms of the contract.

**PROCEEDINGS ON BEHALF OF THE COMPANY**

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

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

**AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATION ACT 2001**

A copy of the Auditor's Independence Declaration follows this Directors Report.

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

*Michael Webster*

M. Webster  
Director

*James Stewart*

J. Stewart  
Director

Dated: 23rd March 2010

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF BRONTE R.S.L. CLUB LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31st December 2009 there have been:

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

**BRYAN RUSH & COMPANY  
Chartered Accountants**

D R Conroy  
Principal

Sydney  
Dated: 23rd March 2010

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31st DECEMBER 2009**

	Notes	2009 \$	2008 \$
<b>Revenue from continuing operations</b>			
Sale of goods		570,386	610,853
Rendering of services		891,951	1,043,424
Other revenue		<u>207,339</u>	<u>396,340</u>
<b>Total revenue from continuing operations</b>	2	<u>1,669,676</u>	<u>2,050,617</u>
<b>Expenses</b>			
Cost of Sales	3	(261,217)	(271,220)
Donations and subsidies		(8,796)	(9,474)
Employee benefits expense		(615,887)	(721,633)
Entertainment, marketing and promotional costs		(165,800)	(211,387)
Gaming taxes		1,451	(13,109)
Property expenses		(40,740)	(34,755)
Other expenses from ordinary activities		<u>(572,222)</u>	<u>(586,979)</u>
<b>Total Expenses</b>		<u>(1,663,211)</u>	<u>(1,848,557)</u>
<b>Earnings before depreciation, amortisation expense and finance costs</b>		6,465	202,060
Depreciation and amortisation	3	(299,457)	(351,022)
Finance Costs		<u>(5,020)</u>	<u>(6,053)</u>
<b>Profit (Loss) before income tax</b>	3	(298,012)	(155,015)
Income tax expense	1 & 4	-	2
<b>Net Profit (Loss)</b>		<u>(298,012)</u>	<u>(155,013)</u>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the Year</b>		<u>(298,012)</u>	<u>(155,013)</u>

**STATEMENT OF FINANCIAL POSITION  
AS AT 31st DECEMBER 2009**

	Notes	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	6	133,825	157,562
Trade and Other Receivables	7	16,827	11,241
Inventories	8	24,048	21,047
Other	9	<u>          </u>	<u>          </u>
<b>TOTAL CURRENT ASSETS</b>		<u>174,700</u>	<u>189,850</u>
<b>NON CURRENT ASSETS</b>			
Trade and Other Receivables	7	-	-
Property, Plant and Equipment	10	635,822	932,677
Other	9	<u>680</u>	<u>680</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>636,502</u>	<u>933,357</u>
<b>TOTAL ASSETS</b>		<u>811,202</u>	<u>1,123,207</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	11	55,913	73,928
Financial Liabilities	13	-	-
Short Term Provisions	12	36,371	33,220
Other	14	<u>4,231</u>	<u>3,360</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>96,515</u>	<u>110,508</u>
<b>TOTAL LIABILITIES</b>		<u>96,515</u>	<u>110,508</u>
<b>NET ASSETS</b>		<u><u>714,687</u></u>	<u><u>1,012,699</u></u>
<b>MEMBERS' FUNDS</b>			
Retained Earnings		545,771	843,783
Club Building Reserves		48,262	48,262
General Reserve Account		<u>120,654</u>	<u>120,654</u>
<b>TOTAL MEMBERS' FUNDS</b>		<u><u>714,687</u></u>	<u><u>1,012,699</u></u>

**STATEMENT OF CHANGES IN MEMBERS' FUNDS  
AS AT 31st DECEMBER 2009**

	Reserves	Retained Earnings	Total
	\$	\$	\$
<b>Balance at 1st January 2008</b>	168,916	998,796	1,167,712
Loss attributable to members of the company	-	(155,013)	(155,013)
<b>Balance at 31st December 2008</b>	<u>168,916</u>	<u>843,783</u>	<u>1,012,699</u>
Loss attributable to members of the company	-	(298,012)	(298,012)
<b>Balance at 31st December 2009</b>	<u><u>168,916</u></u>	<u><u>545,771</u></u>	<u><u>714,687</u></u>

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31st DECEMBER 2009**

	Notes	2009 \$	2008 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from Trading		1,836,370	1,929,262
Payments to Suppliers and Employees		(2,049,767)	(1,976,298)
Interest Received		249	3,513
Interest Paid		(5,020)	(6,053)
<b>Net cash provided by (used in) operating activities</b>	21	<u><b>(218,168)</b></u>	<u><b>(49,576)</b></u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds on Disposal of Non-current Assets		210,462	458,365
Payment for Property, Plant & Equipment	10	(16,031)	(241,108)
<b>Net cash provided by (used in) investing activities</b>		<u><b>194,431</b></u>	<u><b>217,257</b></u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings		-	-
Repayment of Borrowings		-	(70,000)
<b>Net cash provided by (used in) financing activities</b>		<u><b>-</b></u>	<u><b>(70,000)</b></u>
<i>Net increase/(decrease) in cash held</i>		<i>(23,737)</i>	<i>97,681</i>
Cash at 1st January 2009		<u>157,562</u>	<u>59,881</u>
<b>CASH at 31st December 2009</b>	21 & 6	<u><b>133,825</b></u>	<u><b>157,562</b></u>

## **NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2009**

### **NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board. Bronte R.S.L Club Limited is a Company incorporated and domiciled in Australia. The financial report covers the Club as an individual entity.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report of Bronte RSL Club Limited complies with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Club in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **Going Concern Basis of Preparation of the Financial Statements**

The financial report has been prepared on a going concern basis which assumes the realisation of the Club's assets and the extinguishment of its liabilities in the normal course of business.

The club is reliant on positive cash flows from its core operations to remain viable.

The Club currently remains able to pay its debts as and when they fall due and has no external bank debt at balance date. The written down book value of leasehold improvements and plant and equipment are carried at a figure of \$635,822 at balance date. Should the club not be able to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

#### **Income Tax**

Income tax is accounted for using the comprehensive balance sheet 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 only to the extent that is probable that future tax 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.

The Club had carry forward tax losses at balance date. Future tax benefits in relation to those losses and to timing differences have not been recognised as an asset in the club's balance sheet.

#### **Inventories**

Inventories are measured at the lower of cost and net realisable value.

### **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation. Property, plant and equipment are measured on the cost basis. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

### ***Depreciation and Amortisation***

The depreciable amount of plant and equipment is depreciated on a straight line basis and diminishing value basis over their useful lives to the Club commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the remaining term of the lease.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Computers, Office Equipment and Registers	40%
Furniture and Fittings	15%
Plant and Equipment	20%
Poker Machines	27%-40%
Other Assets	4.5%-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### ***Impairment of Assets***

At each reporting date, the Club 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 assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

### **Investments**

#### **Investment Property**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at deemed cost or cost less accumulated depreciation and impairment losses.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Club holds it to earn rentals or for capital appreciation or both. Lease payments are accounted for as described in accounting policy.

### **Industry and Geographical Segments**

The Club 's activities are the Conduct of a Registered Club in Australia.

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Employee Benefits**

Provision is made for the Club's liability for employee entitlements arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year are measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Club to employee superannuation funds and are charged as expenses when incurred.

**Revenue**

Revenue from the sale of goods is recognised upon the delivery of the goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the dividend is actually received.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

**Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian tax office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset and as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

**Cash**

For the purpose of the statement of cash flows, cash includes:

- (i) cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- (ii) investments in money market instruments.

**Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**Financial Instruments**

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at cost plus transactions cost where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

## Classification and subsequent measurement

### 1. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through the profit or loss when they are held for trading for the purpose of short term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

### 2. 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 subsequently measured at amortised cost using the effective interest rate method.

### 3. Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

### 4. Available for sale financial assets

Available for sale financial assets are non derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

### 5. Financial Liabilities

Non derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

## Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economical data, obtained both externally and within the group.

### Key Estimates - Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

### Key Judgments - Provision for Impairment of Receivables

The directors believe that the amount included in accounts receivable is recoverable and no provision for impairment has been made at the end of the financial year.

## Australian Accounting Standards Not Yet Effective

The company has not yet applied any Australian Accounting Standards or Interpretations that have been issued at balance date, but are not yet operative for the year ended 31st December 2009. (the "Inoperative Standards"). The impact of the Inoperative Standards has been assessed and identified as not being material. The Company only intends to adopt Inoperative Standards at the date which their adoption becomes mandatory.

**NOTE 2 REVENUE**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Operating Activities:</b>		
Sale of Goods		
Bar Sales	<u>570,386</u>	<u>610,853</u>
Total Sale of Goods	570,386	610,853
Poker Machine Takings	817,935	964,844
Vending Machine	3,958	7,009
Membership Subscriptions	10,826	11,478
Commission Received	37,914	38,793
Interest Received	249	3,513
Rent received	-	1,200
Reception room and auditorium hire	21,318	21,300
Other Income	<u>10,057</u>	<u>109,210</u>
	<u>1,472,643</u>	<u>1,768,200</u>
<b>Non-operating activities:</b>		
Profit/(loss) on disposal of non-current investments	197,033	282,417
Total Revenue	<u><u>1,669,676</u></u>	<u><u>2,050,617</u></u>

**NOTE 3 PROFIT FROM ORDINARY ACTIVITIES**

Profit from ordinary activities before income tax has been determined after:

**(a) Expenses****Cost of Sales:**

Bar	<u>261,217</u>	<u>271,220</u>
Total Cost of Sales	<u>261,217</u>	<u>271,220</u>

**Depreciation and Amortisation of Non-Current Assets:**

Improvements	183,937	183,937
Plant and Equipment	47,391	107,178
Furniture & Fittings	7,381	9,067
Poker Machines	<u>60,748</u>	<u>50,840</u>
Total Depreciation and Amortisation	<u>299,457</u>	<u>351,022</u>

**NOTE 4 INCOME TAX EXPENSE**

	<b>2009</b>	<b>2008</b>
	\$	\$
Income tax refund relating to prior years	-	2
	<u>-</u>	<u>2</u>

**NOTE 5 AUDITOR'S REMUNERATION**

Remuneration of the Auditor of the Company for:

- Auditing the Financial Report	12,000	11,000
- Other Services	7,091	7,425
	<u>19,091</u>	<u>18,425</u>

**NOTE 6 CASH AND CASH EQUIVALENTS**

Cash on Hand	67,000	74,000
Cash at Bank	61,825	78,562
Deposits	5,000	5,000
	<u>133,825</u>	<u>157,562</u>

**NOTE 7 TRADE AND OTHER RECEIVABLES****Current**

Trade Debtors	-	-
Prepayments	16,827	11,241
	<u>16,827</u>	<u>11,241</u>

**Non-Current**

Loan to Bronte RSL Sub Branch	-	-
	<u>16,827</u>	<u>11,241</u>

**NOTE 8 INVENTORIES****Current**

Finished Goods - at Cost		
Liquor stock	24,048	21,047
Glassware & Kitchenware	-	-
Sundry	-	-
	<u>24,048</u>	<u>21,047</u>

**NOTE 9 OTHER ASSETS****Current**

	-	-
<b>Non-Current</b>		
Formation Expenses	680	680
	<u>680</u>	<u>680</u>

**NOTE 10 PROPERTY, PLANT AND EQUIPMENT**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Property</b>		
Leasehold Improvements at cost	695,966	695,966
Less Accumulated Amortisation	<u>(384,686)</u>	<u>(200,749)</u>
	<u>311,280</u>	<u>495,217</u>
<b>Plant and Equipment</b>		
Plant and Equipment at Cost	4,098,078	4,165,056
Less Accumulated Depreciation	<u>(3,773,536)</u>	<u>(3,727,596)</u>
Total Plant and Equipment	<u>324,542</u>	<u>437,460</u>
Total Property, Plant and Equipment	<u>635,822</u>	<u>932,677</u>

The Club has a five year lease with the Sub-Branch expiring in September 2011. Leasehold improvements are amortised over the remaining term of the lease in accordance with clause 29 of the lease.

**Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold Improvements	Plant and Equipment	Leased Plant and Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of year	495,217	437,460		932,677
Additions	-	16,031	-	16,031
Disposals	-	(13,429)	-	(13,429)
Depreciation expense	<u>(183,937)</u>	<u>(115,520)</u>		<u>(299,457)</u>
Carrying amount at the end of year	<u>311,280</u>	<u>324,542</u>	<u>-</u>	<u>635,822</u>

**NOTE 11 TRADE AND OTHER PAYABLES****Current**

	<b>2009</b>	<b>2008</b>
	\$	\$
<i>Unsecured liabilities</i>		
Trade Creditors	26,480	55,569
Sundry creditors and accrued expenses	29,433	18,359
	<u>55,913</u>	<u>73,928</u>

**NOTE 12 SHORT TERM PROVISIONS**

Current		
Employee Entitlements	<u>36,371</u>	<u>33,220</u>
Aggregate Employee Entitlements Liability	<u>36,371</u>	<u>33,220</u>
Number of employees at year-end	<u>16</u>	<u>17</u>

**Superannuation commitments**

The Club contributes to the following superannuation plan for employees:  
Club Plus Superannuation Fund

**Types of benefits**

The funds provide benefits that represent the accumulation of contributions to employers, providing lump sum or annuity benefits upon retirement, death or disability.

**Contributions**

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

Details of contributions during the year are as follows:

Employer contributions to the plans	<u>52,981</u>	<u>62,254</u>
-------------------------------------	---------------	---------------

**NOTE 13 - FINANCIAL LIABILITIES****Current**

Loan - Director	-	-
	<u>-</u>	<u>-</u>

**NOTE 14 OTHER LIABILITIES****Current**

Members Subscriptions in Advance	4,231	3,360
Bond Rental	-	-
	<u>4,231</u>	<u>3,360</u>

**NOTE 15 KEY MANAGEMENT PERSONNEL DISCLOSURES FOR NON-DISCLOSING ENTITIES**

The following were key management personnel of the Company at any time during the reporting period, and unless otherwise indicated were directors for the entire period:

<b>Non Executive Directors</b>		<b>Executive</b>
WEBSTER, Michael	HOLLOWAY, Robert	AUSTIN, Robert
STEWART, James	HORSCROFT, Duncan	
BROWN, Grant	McCARTHY, Timothy	
SUTTLE, Desmond		

- Unless otherwise stated, transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

- There were no transactions with any of the directors during the year.

The key management personnel compensations included in "Employee Benefits Expense" as follows:

	2009	2008
	\$	\$
Short-term employee benefits	103,367	97,689
Other long term benefits	-	-
Termination benefits	-	-
	<u>103,367</u>	<u>97,689</u>

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.

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.

**NOTE 16 SEGMENT REPORTING**

The Club operates in one industry in Sydney, New South Wales the principal activity being that of a licensed social club.

**NOTE 17 COMPANY DETAILS**

The Club is incorporated and domiciled in Australia as a Company. In accordance with the Constitution of the Club, every member of the Club undertakes to contribute an amount limited to \$1.00 per member. At 31st December 2009 there were 2,398 members.

The registered office of the Club is:

Bronte R.S.L Club Limited 113 MacPherson Street WAVERLEY NSW 2024

## NOTE 18 FINANCIAL RISK MANAGEMENT

### a) Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable, loans, bills, and leases. The director's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

#### Financial Risk exposures and management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

1. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

2. Foreign currency risk

The company is not exposed to fluctuations in foreign currencies.

3. Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

4. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial report.

There are no material amounts of collateral held as security at the end of the financial year.

The company does not have any material credit risk exposure to any single receivable or group of receivables under the financial instruments entered in to by the co-operative.

Credit risk is managed and reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions. The Board of Directors monitors credit risk by actively assessing the rating quality of counter parties.

5. Price risk

The company is not exposed to any material commodity price risk.

## b) Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

	Notes	Fixed		Interest Maturing in 1 year or less \$	Fixed Interest Maturing in 1-5 years \$	Non-interest bearing \$	Total \$
		Weighted Average Interest Rate %	Floating Rate \$				
<b>2009</b>							
<b>Financial assets</b>							
Cash assets	6	0.1%	66,825	-	-	67,000	133,825
Receivables	7	0%	-	-	-	16,827	16,827
Investments	9	0%	-	-	-	-	-
<b>Financial liabilities</b>							
Payables	11	0%	-	-	-	55,913	55,913
Interest Bearing Liability		0%	-	-	-	-	-
Lease liabilities		0%	-	-	-	-	-
Employee entitlements	13	0%	-	-	-	36,371	36,371
Total			-	-	-	92,284	92,284

## NOTE 19 FINANCIAL RISK MANAGEMENT (CONT'D)

## c) Net fair values of financial assets and liabilities

For financial assets and liabilities the fair net value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

**NOTE 20 COMMITMENTS**

	2009	2008
	\$	\$
<b>Finance Lease Payment Commitments</b>		
Finance lease rental commitments are payable:		
Within one year	-	-
One year or later and no later than two years	-	-
Two years or later and no later than five years	-	-
	<u>          </u>	<u>          </u>
Minimum lease liability payments	-	-
Less: Future finance and lease charges	-	-
	<u>          </u>	<u>          </u>
Lease liabilities provided for in the financial statements:		
Current	-	-
Non-current	-	-
	<u>          </u>	<u>          </u>
Total lease liability	<u>          </u>	<u>          </u>

The Company leases equipment and Poker Machines under finance leases expiring from one to four years. At the end of the lease term the Company has the option to purchase the equipment at a price deemed to be a bargain purchase option. The lease facility is secured against the assets purchased under this facility as disclosed in Note 9.

**Operating Lease Commitments - Sub Branch**

Payable		
not later than 1 year	88,170	85,508
later than 1 year but not later than 5 years	90,707	178,877
	<u>          </u>	<u>          </u>
	<u>178,877</u>	<u>264,385</u>

The property lease has a five-year term, with rent payable monthly in advance. Rental provisions within the lease agreement require the lease payments shall be increased by a CPI adjustment annually.

Payable		
not later than one year	-	-
	<u>          </u>	<u>          </u>

**NOTE 21 RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX.**

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 overdrafts. 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:

	2009	2008
	\$	\$
Cash on Hand	67,000	74,000
Cash at Bank	61,825	78,562
Deposits	<u>5,000</u>	<u>5,000</u>
	<u>133,825</u>	<u>157,562</u>
Profit (Loss) from ordinary activities after income tax	(298,012)	(155,013)
Non-cash flows in profit from ordinary activities		
Depreciation	299,457	351,022
Net (Profit)/Loss on disposal of Non-Current Assets	(197,033)	(282,417)
Changes in Assets and Liabilities		
(Increase)/Decrease in Trade and other Receivables	(5,586)	1,529
(Increase)/Decrease in Inventories	(3,001)	71,451
(Increase)/Decrease in Other Assets	-	-
Increase/(Decrease) in Trade and Other Payables	(18,015)	(282)
Increase/(Decrease) in Other Liabilities	871	(745)
Increase/(Decrease) in Short Term Provisions	<u>3,151</u>	<u>(35,121)</u>
<b>CASH FLOWS FROM OPERATIONS</b>	<u>(218,168)</u>	<u>(49,576)</u>

## **DIRECTORS' DECLARATION**

The directors of the Club declare that:-

1. the financial statements and notes, are in accordance with the Corporations Act 2001:
  - a. comply with Accounting Standards and the Corporations Regulations 2001; and
  - b. give a true and fair view of the financial position as at 31st December 2009 and of the performance for the year ended on that date of the Club;
2. in the directors' opinion there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors

*Michael Webster*

M. Webster  
Director

*James Stewart*

J. Stewart  
Director

Dated: 23rd March 2010

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRONTE R.S.L. CLUB LIMITED**

### **Report on the Financial Report**

We have audited the accompanying financial report of Bronte RSL Club Limited, which comprises the statement of financial position as at 31 December 2009 and the statement of comprehensive income and the changes in members' funds and 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 (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

### **Audit 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 judgment, 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 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. We confirm that the independence declaration required by the Corporations Act 2001, was provided to the directors of the company on 10th March 2009.

### **Auditor's Opinion**

In our opinion:

- a. the financial report of Bronte RSL 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 31 December 2009 and performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- B. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### **Inherent Uncertainty Regarding Continuation as a Going Concern**

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in note 1 "Going Concern" to the financial statements, there is uncertainty whether the company will be able to continue as a going concern and whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern.

**BRYAN RUSH & COMPANY**  
Chartered Accountants

D R Conroy 154 Elizabeth Street SYDNEY NSW 2000

Principal Dated: 23rd March 2009

Disclosure requirements under section 41J of the Registered Clubs Act 1976

#### **Core and Non-Core Property**

Section 41J of the registered clubs act 1976 requires the club to disclose its core and non core property, as defined, in the annual report.

The club's core property comprises the defined trading premises situated at 113 Macpherson St, Waverly. The club has no non core property.



BRONTE R.S.L. CLUB LIMITED  
A.B.N. 69 279 391 621  
113 Macpherson St WAVERLEY 2024