



ANNUAL REPORT 2010
for year ending Dec 31 2010

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
RSL CLUB LIMITED WILL BE HELD IN THE CLUB
AUDITORIUM ON 29 MAY 2011 AT 10AM.**

Business:

1. Confirm the minutes of the previous Annual General Meeting held Sunday 24th May 2010.
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.

Dear Members,

It is with great pleasure I once again write my Presidents Report for you. 2010 was another tough year for the Club, however I am pleased to say there has been an increase in both bar sales and poker machine takings from the previous year. This increase may be minimal but it is an increase none the less and shows a positive trend towards patronage of the Club and patron spending patterns.

Promotional activity was increased during the year with two (2) fabulous holiday packages given away and a Scooter earlier in the year. The introduction of the Joker draw saw one lucky member walk away with over \$5,000 after simply purchasing a drink and being at the Club to pick the correct card. I encourage all members to get involved with all promotions and support your local Club. We currently have Bingo and Trivia on Thursdays, the Joker Draw on Wednesdays and Saturdays, Cash Poker on Saturdays and of course our Meat Raffles from Thursday through Sunday. In addition to this we also have Weekly Specials in the Club Bistro and reduced drink prices at the bar on a Friday afternoon. For those of you who like a punt don't forget we give away \$1800 worth of prizes a week in the Clubs' gaming room with \$1,000 of that prize pool given away each Sunday afternoon.

2010 also saw the end of agreements with external Caterers and this operation brought in house to better facilitate Members needs and the Clubs primary objectives. The function market will be heavily targeted and this will be a major growth area for the Club in the immediate and long term future. I would like to thank our present Management team for their tireless efforts during the year and in particular successfully refurbishing the Clubs' auditorium to allow many different types of Functions to be held in this area. This project took less than a month and cost less than \$4,000. It involved Directors, Management and a few of the Members also contributed their time and for that I thank you all.

I would like to thank my fellow board members for their time and effort throughout 2010 and of course the Staff and Management Finally I would like to thank you the Members for your support in 2010 and for your continued support in the future.

Michael Webster
Michael Webster
President

Dear Members,

It has been a tough year once again for Bronte RSL and indeed for the Club Industry as a whole, particularly for Clubs in the Eastern Suburbs. Whilst many Clubs in the Western Suburbs have managed to build their revenue since the harm minimisation strategies have been implemented and non smoking was introduced, many Clubs in the East have failed in this department. I am pleased to say that in this report you will find that after a few years of significant downturn in revenue Bronte RSL has finally seen an upwards turn in our revenue for both Beverage and Gaming. This may be minimal but it is an increase none the less.

The latter part of 2010 saw the end of external Caterers at Bronte RSL and this created an opportunity for us to diversify our income stream. It was a new challenge for Bronte RSL and I am happy to say the new menu options made available and the ability to serve \$10 lunch and dinner specials have pleased many of the Clubs patrons. This has also allowed us to better control the quality of food supplied and has opened yet another income stream for the Club; functions. This will be a major focus for the Club in 2011 and has already been very lucrative in the first few months of the year. The auditorium has been renovated to accommodate a wide variety of functions to be held in this area and I would like to thank all those involved for their time and efforts. This allowed a speedy completion and enabled us to keep costs very low. In addition we have employed a new Chef and I would like to welcome Mr Stephen Gill who has worked in some of Sydney's most famous restaurants including Level 41. His knowledge and abilities will enable us to cater for any manner of catering requirement and for any style of function.

I would like to thank Kieran and Dan for their commitment, passion and tireless efforts throughout 2010. Also I would like to thank all the Staff, the Directors and of course you the Members for your support during 2010 and thank you in participation of your support in the future. Remember my door is always open if you have any questions regarding Club matters or ideas on how to make your Club experience better and of course if you would like to book a function. The AGM is on Sunday 29th May and I would ask if you have questions regarding the financial statements please give them to me in writing seven (7) days prior to the AGM.

Jerome Croasdale
Jerome Croasdale
Secretary Manager

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31st December 2010.

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
Michael Webster	Currently President of the Club. Michael has been a Board Member since 14.5.05. Michael is a builder.
Grant Brown	Grant has been a Board Member since 24.5.09 Grant is a Graphic Designer.
Desmond Suttle	Desmond has been a Board Member since 24.5.09. Desmond is a Government worker.
Seamus Power	Seamus has been a Board Member since 27.4.10. Seamus is a Real Estate Agent. Appointed 27 April 2010.
James Stewart	James has been a Board Member since 21.1.04. James is a retired director of the commonwealth public service.
Duncan Horscroft	Duncan has been a Board Member since 13.4.08. Duncan is a journalist.
Timothy McCarthy	Tim has been a Board Member since 8.7.08. Tim is an engineer.
Robert Holloway	Robert has been a Board Member since 13.4.08. Robert resigned on 23.3.10.

MEETINGS OF DIRECTORS

During the financial year, 12 meetings of directors were held. Attendances were:

Directors	Directors' Meetings No. Eligible To Attend	No. Attended
Michael Webster	12	9
James Stewart	12	7
Desmond Suttle	12	11
Timothy McCarthy	12	8
Grant Brown	12	11
Duncan Horscroft	12	8
Robert Holloway	3	1
Seamus Power	9	4

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

DIRECTORS 'REPORT (CONT'D)

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year to provide the facilities of a licensed club to the members and visitors.

The club's short term objectives are to:

- i) provide the best possible clubhouse facilities to members.
- ii) encourage new membership.
- iii) remain financially viable to achieve the above objectives.

The club's long term objectives are to:

- i) establish and maintain membership that fosters the club's strategic plan; and
- ii) be sustainable and strive for continuous improvement so as to offer the best possible facilities and social amenities to members.

To achieve these objectives, the club has adopted the following Strategies:

- i) the Board strives to attract and retain quality management and provide high standards of service levels to the members. The Board believes that attracting and retaining quality staff will assist with the success of the club in both the short and long term.
- ii) maintain rigorous control over the club's finances to ensure the club remains viable and is able to continually upgrade clubhouse facilities for the benefit of members and encourage new membership.
- iii) the Board is committed to meet consistent standards of governance, best practice and provide clear expectations of professional accountabilities and responsibilities to all members.

The club is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the club is wound up, the constitution states that each member is required to contribute a maximum of \$3.00 towards meeting any outstanding obligations of the club. At 31 December 2010 the collective liability of members was \$4,698 (2009:\$7,194)

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

Duncan Horscroft
D. Horscroft
Director

Dated: 29th March 2011

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

I declare that, to the best of my knowledge and belief, during the year ended 31st December 2010 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: 29th March 2011

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st DECEMBER 2010**

	Notes	2010 \$	2009 \$
Revenue from continuing operations			
Sale of goods		585,358	570,386
Rendering of services		939,664	891,951
Other revenue		<u>80,976</u>	<u>207,339</u>
Total revenue from continuing operations	2	<u>1,605,998</u>	<u>1,669,676</u>
Expenses			
Cost of Sales	3	(269,637)	(261,217)
Donations and subsidies		(5,745)	(8,796)
Employee benefits expense		(531,939)	(615,887)
Entertainment, marketing and promotional costs		(132,778)	(165,800)
Gaming taxes		-	1,451
Property expenses		(37,519)	(40,740)
Other expenses from ordinary activities		<u>(613,820)</u>	<u>(572,222)</u>
Total Expenses		<u>(1,609,438)</u>	<u>(1,663,211)</u>
Earnings before depreciation, amortisation expense and finance costs		(3,440)	6,465
Depreciation and amortisation	3	(257,573)	(299,457)
Finance Costs		<u>(2,039)</u>	<u>(5,020)</u>
Profit (Loss) before income tax	3	(263,052)	(298,012)
Income tax expense	1 & 4	-	-
Net Profit (Loss)		<u>(263,052)</u>	<u>(298,012)</u>
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		<u>(263,052)</u>	<u>(298,012)</u>

The accompanying notes form part of these financial accounts.

**STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2010**

	Notes	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	6	140,047	133,825
Trade and Other Receivables	7	14,674	16,827
Inventories	8	<u>33,084</u>	<u>24,048</u>
TOTAL CURRENT ASSETS		<u>187,805</u>	<u>174,700</u>
NON CURRENT ASSETS			
Property, Plant and Equipment	10	378,249	635,822
Other	9	<u>680</u>	<u>680</u>
TOTAL NON-CURRENT ASSETS		<u>378,929</u>	<u>636,502</u>
TOTAL ASSETS		<u>566,734</u>	<u>811,202</u>
CURRENT LIABILITIES			
Trade and Other Payables	11	85,260	55,913
Short Term Provisions	12	27,367	36,371
Other	13	<u>2,472</u>	<u>4,231</u>
TOTAL CURRENT LIABILITIES		<u>115,099</u>	<u>96,515</u>
TOTAL LIABILITIES		<u>115,099</u>	<u>96,515</u>
NET ASSETS		<u><u>451,635</u></u>	<u><u>714,687</u></u>
MEMBERS' FUNDS			
Retained Earnings		282,719	545,771
Club Building Reserves		48,262	48,262
General Reserve Account		<u>120,654</u>	<u>120,654</u>
TOTAL MEMBERS' FUNDS		<u><u>451,635</u></u>	<u><u>714,687</u></u>

The accompanying notes form part of these financial accounts.

**STATEMENT OF CHANGES IN MEMBERS' FUNDS
AS AT 31st DECEMBER 2010**

	Reserves	Retained Earnings	Total
	\$	\$	\$
Balance at 1st January 2009	168,916	843,783	1,012,699
Loss attributable to members of the company	<u>-</u>	<u>(298,012)</u>	<u>(298,012)</u>
Balance at 31st December 2009	168,916	545,771	714,687
Loss attributable to members of the company	<u>-</u>	<u>(263,052)</u>	<u>(263,052)</u>
Balance at 31st December 2010	<u><u>168,916</u></u>	<u><u>282,719</u></u>	<u><u>451,635</u></u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st DECEMBER 2010**

	Notes	2010 \$	2009 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Trading		1,762,905	1,836,370
Payments to Suppliers and Employees		(1,835,620)	(2,049,767)
Interest Received		976	249
Interest Paid		<u>(2,039)</u>	<u>(5,020)</u>
Net cash provided by (used in) operating activities	18	<u>(73,778)</u>	<u>(218,168)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds on Disposal of Non-current Assets		80,000	210,462
Payment for Property, Plant & Equipment		<u>-</u>	<u>(16,031)</u>
Net cash provided by (used in) investing activities		<u>80,000</u>	<u>194,431</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash provided by (used in) financing activities		<u>-</u>	<u>-</u>
<i>Net increase/(decrease) in cash held</i>		6,222	(23,737)
Cash at 1st January 2010		<u>133,825</u>	<u>157,562</u>
CASH at 31st December 2010	6	<u><u>140,047</u></u>	<u><u>133,825</u></u>

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2010

The financial statements are for Bronte RSL Club Limited as an individual entity, incorporated and domiciled in Australia. Bronte RSL Club Limited is a company limited by guarantee.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Bronte RSL Club Limited has elected to early adopt the pronouncements 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 January 2010. The financial statements are general purpose financial statements that have been prepared in accordance with 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 liability.

Accounting Policies

Going Concern Basis of Preparation of the Financial Statements

The financial statements have been prepared on a going concern basis, which means continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Club recorded a loss before financing, depreciation and income tax of \$3,440 (2009: profit \$6,465) during the year ended 31 December 2010 with cash flows from operating activities of \$(73,778) (2009: (\$196,447)). Although the Club made a net loss of \$263,052 for the year ended 31 Dec 2010 (2009: \$298,412), the Directors believe that the going concern basis is appropriate given:

The Club is forecasting profit before depreciation, interest and income tax, and positive cash flows from operations for the 2011 financial year sufficient to meet working capital needs.

The Club has no external bank finance.

After considering the above, the Directors consider that the Club will be able to continue to fulfil all obligations as and when they fall due for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and accordingly, that the Club's financial statements should be prepared on a going concern basis.

Accordingly, no adjustment has been made to the financial report relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Club not continue as a going concern.

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).

Inventories

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

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.

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:

Class of Fixed Asset	Depreciation Rate
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 statement of comprehensive statement.

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

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

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.

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 and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

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

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.

NOTE 2 REVENUE

	2010	2009
	\$	\$
Operating Activities:		
Sale of Goods		
- Bar Sales	<u>585,358</u>	<u>570,386</u>
Total Sale of Goods	585,358	570,386
Poker Machine Takings	825,738	817,935
Vending Machine	5,969	3,958
Membership Subscriptions	8,753	10,826
Commission Received	38,585	37,914
Interest Received	976	249
Kitchen	37,278	-
Reception room and auditorium hire	23,341	21,318
Other Income	-	10,057
	<u>1,525,998</u>	<u>1,472,643</u>
Non-operating activities:		
Profit/(loss) on disposal of intangible assets	<u>80,000</u>	<u>197,033</u>
Total Revenue	<u>1,605,998</u>	<u>1,669,676</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>269,637</u>	<u>261,217</u>
Total Cost of Sales	<u>269,637</u>	<u>261,217</u>

Depreciation and Amortisation of Non-Current Assets:

Leasehold Improvements	183,937	183,937
Plant and Equipment	25,376	47,391
Furniture & Fittings	5,476	7,381
Poker Machines	<u>42,784</u>	<u>60,748</u>
Total Depreciation and Amortisation	<u>257,573</u>	<u>299,457</u>

b) Significant Revenue and Expenses

The following significant revenue and expense items are relevant in explaining the financial performance.

Capital gain on disposal of poker machine entitlements	<u>80,000</u>	<u>197,033</u>
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NOTE 4 INCOME TAX EXPENSE

The Income Tax Assessment Act, 1936 (amended) provides that under the concept of mutuality, Clubs are only liable for income tax derived from non-members and from outside entities. In view of these special circumstances, it is not appropriate to compare income tax payable with the net profit disclosed in the statement of comprehensive income.

NOTE 5 AUDITOR'S REMUNERATION

	2010	2009
	\$	\$
Remuneration of the Auditor of the Company for:		
- Auditing the Financial Report	12,800	12,000
- Other Services	<u>7,000</u>	<u>7,091</u>
	<u>19,800</u>	<u>19,091</u>

NOTE 6 CASH AND CASH EQUIVALENTS

Cash on Hand	67,000	67,000
Cash at Bank	68,047	61,825
Deposits	<u>5,000</u>	<u>5,000</u>
	<u>140,047</u>	<u>133,825</u>

NOTE 7 TRADE AND OTHER RECEIVABLES**Current**

Prepayments	<u>14,674</u>	<u>16,827</u>
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NOTE 8 INVENTORIES**Current**

Finished Goods - at Cost		
Liquor stock	<u>33,084</u>	<u>24,048</u>
	<u>33,084</u>	<u>24,048</u>

NOTE 9 OTHER ASSETS**Non-Current**

Formation Expenses	<u>680</u>	<u>680</u>
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NOTE 10 PROPERTY, PLANT AND EQUIPMENT**Property**

Leasehold Improvements at cost	695,966	695,966
Less Accumulated Amortisation	<u>(568,623)</u>	<u>(384,686)</u>
	<u>127,343</u>	<u>311,280</u>

Plant and Equipment

Plant and Equipment at Cost	4,098,078	4,098,078
Less Accumulated Depreciation	<u>(3,847,172)</u>	<u>(3,773,536)</u>
Total Plant and Equipment	<u>250,906</u>	<u>324,542</u>

Total Property, Plant and Equipment	<u>378,249</u>	<u>635,822</u>
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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.

NOTE 10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**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	311,280	324,542	-	635,822
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(183,937)	(73,636)	-	(257,573)
Carrying amount at the end of year	<u>127,343</u>	<u>250,906</u>	<u>-</u>	<u>378,249</u>

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

	2010	2009
	\$	\$
Trade Creditors	45,564	26,480
Sundry creditors and accrued expenses	<u>39,696</u>	<u>29,433</u>
	<u>85,260</u>	<u>55,913</u>

NOTE 12 EMPLOYEE BENEFITS**Current**

Employee Entitlements	27,367	36,371
Aggregate Employee Entitlements Liability	<u>27,367</u>	<u>36,371</u>

Number of employees at year-end	16	16
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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>46,786</u>	<u>52,981</u>
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NOTE 13 - OTHER LIABILITIES**Current**

Member Subscriptions in advance	<u>2,472</u>	<u>4,231</u>
	<u>2,472</u>	<u>4,231</u>

NOTE 14 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:

Non Executive Directors		Executive
WEBSTER, Michael	HOLLOWAY, Robert	AUSTIN, Robert - Resigned 19 January
STEWART, James	HORSCROFT, Duncan	CROASDALE Jerome - Appointed 19 January
BROWN, Grant	McCARTHY, Timothy	
SUTTLE, Desmond	POWER, Seamus	

- 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:

	2010	2009
	\$	\$
Short-term employee benefits	109,788	103,367
Other long term benefits	-	-
Termination benefits	-	-
	<u>109,788</u>	<u>103,367</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 15 SEGMENT REPORTING

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

NOTE 16 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 \$3.00 per member. At 31st December 2010 there were 1,566 members.

The registered office of the Club is:

Bronte RSL Club Limited 113 MacPherson Street WAVERLEY NSW 2024

NOTE 17 COMMITMENTS

	2010	2009
	\$	\$
Operating Lease Commitments - Sub Branch		
Payable		
not later than 1 year	34,594	88,170
later than 1 year but not later than 5 years	-	90,707
	<u>34,594</u>	<u>178,877</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 18 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:

Cash on Hand	67,000	67,000
Cash at Bank	68,047	61,825
Deposits	5,000	5,000
	<u>140,047</u>	<u>133,825</u>
Profit (Loss) from ordinary activities after income tax	(263,052)	(298,012)
Non-cash flows in profit from ordinary activities		
Depreciation	257,573	299,457
Net (Profit)/Loss on disposal of Non-Current Assets	(80,000)	(197,033)
Changes in Assets and Liabilities		
(Increase)/Decrease in Trade and other Receivables	2,153	(5,586)
(Increase)/Decrease in Inventories	(9,036)	(3,001)
Increase/(Decrease) in Trade and Other Payables	29,347	(18,015)
Increase/(Decrease) in Other Liabilities	(1,759)	871
Increase/(Decrease) in Short Term Provisions	<u>(9,004)</u>	<u>3,151</u>
CASH FLOWS FROM OPERATIONS	<u>(73,778)</u>	<u>(218,168)</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 2010 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

Duncan Horscroft
D. Horscroft
Director

Dated: 29th March 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRONTE RSL 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 2010, the statement of comprehensive income, the statement of 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-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

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. Those 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.

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 2010 and 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.

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

Principal

Level 2, 154 Elizabeth Street SYDNEY NSW 2000

Dated: 29th March 2011

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, Waverley. 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