

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

# ANNUAL REPORT 2010



11 Help Street, Chatswood NSW 2067

Telephone [02] 9419 8597 Fax [02] 9413 1973

Email: [admin@chatswoodclub.com.au](mailto:admin@chatswoodclub.com.au)

Web: [www.chatswoodclub.com.au](http://www.chatswoodclub.com.au)

# CHATSWOOD CLUB LTD

[A Company Limited by Guarantee]  
ABN 92 000 148 354

---

## ANNUAL REPORT

for the year ended 30 June 2010

<b>CONTENTS</b>	<b>Page</b>
President's report	2-3
<b>Financial Report</b>	
Directors' report	3-5
Auditor's independence declaration	5
<b>Financial Statements</b>	
Statement of comprehensive income	6
Statement of changes in equity	6
Statement of financial position	7
Statement of cash flows	8
<b>Notes to the Financial Statements</b>	
<b>Note 1</b> Summary of significant accounting policies	9-11
<b>Note 2</b> Cash and cash equivalents	12
<b>Note 3</b> Trade and other receivables	12
<b>Note 4</b> Inventories	12
<b>Note 5</b> Other assets	12
<b>Note 6</b> Property, plant and equipment	12-13
<b>Note 7</b> Intangible assets	13
<b>Note 8</b> Trade and other payables	13
<b>Note 9</b> Borrowings	13
<b>Note 10</b> Provisions	14
<b>Note 11</b> Other liabilities	14
<b>Note 12</b> Taxation	14
<b>Note 13</b> Directors' benefits	14
<b>Note 14</b> Auditors' remuneration	14
<b>Note 15</b> Cash flows	15
<b>Note 16</b> Commitments	15-16
<b>Note 17</b> Related party transactions	16
<b>Note 18</b> Key management personnel compensation	16
<b>Note 19</b> Limitation of members' liability	16
<b>Note 20</b> Financial instruments	17-18
<b>Note 21</b> Registered clubs act reporting requirements	18
Directors' declaration	19
Independent audit report to the members	19-20
Auditor's disclaimer	20
<b>Supplementary Information</b>	
Extract from the statement of comprehensive income	21
Profit & loss account	22-24
Five year summary	25

## CHATSWOOD CLUB LTD

[A Company Limited by Guarantee]  
ABN 92 000 148 354

---

### PRESIDENT'S REPORT

First, I should introduce myself as the (reasonably) new President of the Chatswood Club; I have been a member of the Club for 7 years and spent 2 years on the Club Board. I work directly across the road from the back of the Club and from my office window I can keep an eye on the Club out the back. I am a federal government employee and currently work as an advisor for Eastern and Southern Africa.

It has been a year of much change at the Chatswood Club, and like most periods of change it is a time of evolution, but more on this later.

Unfortunately, like a poor joke, there is some good news and some bad news – the bad news is that Club has made a loss for the year of almost \$62,000, but the good news is that we have secured a number of revenue streams and ideas to assure the future of the Club and these ideas are being put in place and are now being realised.

The Board has also had some changes with John Gercken stepping down as President after 4 years at the helm. John will be remaining on the Board as a Director.

The catering contract was reviewed and new caterers employed and we hope you have enjoyed the table cloths, table service and more importantly, the improved menu. Whilst this is open Monday to Friday at lunch times we now have the restaurant open for dinner on Wednesday, Thursday and Friday evenings.

The upstairs area (level 1) has been the topic of many discussions as it is a unique space here in Chatswood and it should be utilised more often, to that end, and to the longer term benefit to the Club, the Board agreed to a refurbishment of the whole Club. The aim is to attract and retain new members but to also offer a more “corporate” feel to the upstairs area and to generally give the Club a spruce-up that it desperately needs.

We have upgraded our facilities to now include wireless internet access, and the feedback from the corporate functions already using level 1 has been excellent, allowing them immediate access back to their computers and offices in real time. A new wide screen LCD television has been installed in the main bar area replacing the old ceiling projector.

As part of the spruce up, a painting programme has been put in place with start date set for early August. We have received many enquiries from members willing to assist.

To achieve the spruce up and upgrades to the facilities we are borrowing \$100,000 on a 12 month principal only basis, which given the dire financial straits some clubs have found themselves, with borrowings in the millions, this is an affordable loan for the Club and will allow us to implement the changes required but does not jeopardise the Club.

You will have noticed we have also trialled 4 poker machines in the outdoor terrace. We will be leaving these during the Spring/Summer period to see if these produce further revenue for the Club.

Given the long term plans we have for the Club, now is the time for our members to come together and support our Club by utilising the facilities we have on offer. If your friends, family or work colleagues are planning functions, birthdays or events, please remind them about our great Chatswood Club.

Lastly I would like to thank James, Michael, Toni and our bar staff Cat, Peter, Brent, and John for all their hard work, enthusiasm and commitment over the past 12 months

Yours Sincerely

Gavin Durbin  
**Club President**

**Further:** Unfortunately since the end of the financial year Jason Parle left us, and we thank him for his two years of dedication to the Club and we wish him all the best in his new endeavours. Fortunately we have since been able to gain the services of Peter Kovaluns who has come highly recommended and brings with him 20years experience in the club industry. Peter is putting in new marketing strategies for the club with very promising forecasts. We are finding that Peter is highly motivated, very positive and is on the go all the time.

Unfortunately the Board lost Richard Wiley, our Vice President which is great loss to the Club as he gave wise council and will be sadly missed. Richard's position on the Board has been filled by Phil Sale who has 25years sales and marketing experience in his own businesses, whom many of you know.

Phil Sale's vacated position was recently filled by Dave Brown, a qualified and successful Mechanical and Hydraulics engineer and committed to the Club's future.

Also, John Kay has stepped down from the Board. John's steady influence and mature outlook will also be missed. John's position on the Board has been filled by Geoff Owrid who brings to the club a wealth of business experience and who is currently running his own consulting engineering business and various investment companies. Geoff and his engineering team have been actively involved with the majority of projects undertaken by the club with no cost to the Club.

At the start of August we started the refurbishment on level 1 with the painting being commenced. Participating members of the Club, some of which are professional painters, have provided great assistance. This has been received very well by the business community who have subsequently held functions on level 1.

## CHATSWOOD CLUB LTD

[A Company Limited by Guarantee]  
ABN 92 000 148 354

---

### PRESIDENT'S REPORT [CONTINUED]

We have also purchased new lighting for level 1. As of September this has been installed and the painting finished. This will provide greater flexibility with multiple lighting effects catering for different day functions and entertainment nights etc.

I have to say that the member's response with helping with the projects has been overwhelming and has saved the Club a large amount of money.

The Board again thanks you all for your continued support over the last 12 months.

### DIRECTORS' REPORT

Your Directors present their report of Chatswood Club Ltd for the financial year ended 30 June 2010.

#### Directors

The following directors held office during the year or to the date of this report are:

Gavin Durbin [a]	President Mar-2010; Director since Oct-2008 Africa Coordinator/Technical Advisor, Austrac Eligible Directors' meetings 12 – Attended 9
Richard Kingscote Whiley	Vice President 2008-10. Director since May-1997 Master of Arts [Oxford] and Diploma of Education [New England] Director, Curbridge Holdings Pty Limited Member of the Australian College of Education Retired schoolmaster Eligible Directors' meetings 12 – Attended 8
John Gercken [a]	Director 2010; Club President 2006-09; Director since Sep-2002 Mng. Director, Northside Business Travel and The Travel Cellar; Diploma of Travel; Member Forestville Chamber of Commerce; Australian Federation of Travel Agents Eligible Directors' meetings 12 – Attended 12
John Kay	Director since May-2006 Customer Service Representative, IBM Large Systems Committee member, Local Residents Association [20 yrs] Member, Chatswood RSL Sub-Branch Team Leader, Local Mobile Unit, Community Fire Unit Eligible Directors' meetings 12 – Attended 11
Roger Seale	Director since Feb-2008 Production Manager, Snap Printing St Leonards Chatswood resident 26 years Eligible Directors' meetings 12 – Attended 12
Hamish Green [b]	Director since Oct-2004 Dockmaster, Royal Yacht Squadron since 1997 Coxswain and Engineer – Class 3 Master Class 5 – Captains Certificate Yacht Master – Class 1; Plumber, Drainer & Gasfitter
Robert Modesto [c]	Director since Oct-2008 Sales Manager, Sharp Direct Chatswood Eligible Directors' meetings 1 – Attended 1
Phil Sale [b]	Director since Jul-2009 Retired Eligible Directors' meetings 12 – Attended 12
Paul Donald [c]	Director since Aug-2009 Training Instructor Eligible Directors' meetings 11 – Attended 9

**Note:** [a] John Gercken stood-down as President in Mar-2010 and Gavin Durbin was elected President; [b] Hamish Green resigned as a Director in Jul-2009. This casual vacancy was filled by Phil Sale; [c] Robert Modesto resigned as a Director in Aug-2009. This casual vacancy was filled by Paul Donald.

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

## CHATSWOOD CLUB LTD

[A Company Limited by Guarantee]  
ABN 92 000 148 354

---

### DIRECTORS' REPORT [CONTINUED]

#### Company secretary

Jason Parle was appointed on 21 July 2008, and held this position throughout the year corresponding to this report. Peter Kovaluns was appointed to the position of Company Secretary on 19 July 2010.

#### Principal activities

The principal activity of Chatswood Club Ltd in the course of the period was to provide the services and amenities of a registered club to members and their guests. There were no significant changes in the nature of these activities during the period.

#### Result of operations

The operations of Chatswood Club Ltd during the financial year to 30 June 2009 resulted in a **loss** of \$61,883 [2009 **loss** \$23,212] after charging depreciation of \$66,354 [2009 \$74,188]. There was no provision for income tax.

#### Dividends

Chatswood Club Ltd being a public company limited by guarantee, does not have a capital divided into shares, and is prevented by the *Corporations Act 2001* and by the Club's Constitution from paying a dividend to members.

#### Review of operations

The operations of Chatswood Club Ltd during the financial year were:

- [a] The provision of facilities to members and guests of the registered Club, located at 11 Help Street Chatswood NSW 2067. The Club is incorporated as a public company limited by guarantee and not having a share capital in Australia.

The Club is managed by a General Manager, together with six [6] other full-time, part-time and casual personnel.

Facilities at the Club include a bistro, two bars, gaming, and function rooms, together with underground parking for full members whilst utilising Club facilities.

- [b] The highlights from the conduct of these operations were:

- Bar sales [main & function] of \$440,651 are **up** by 11% [2009 \$397,101].
- Bar ratio of 63% is **up** by 1% [2009 62%].
- Poker machine net revenue of \$366,288 is **up** by 9% [2009 \$337,403]
- Total operating expenses of \$899,175 are **up** by 12% [2009 \$800,607].

- [c] Major acquisitions during the year included:

- New poker machines/conversions at a cost of \$32,280.

#### Changes in state of affairs

During the financial year there were no other significant changes in the state of affairs of Chatswood Club Ltd, other than that referred to in the financial statements or notes thereto.

#### Subsequent events

No matter or circumstance have arisen since the end of the financial year to the date of this report that has, or may significantly affected the operation of Chatswood Club Ltd, the results of those operations, or the state of affairs of the Club in the ensuing or any subsequent financial year, except for matters disclosed in the report of the President.

#### Future developments

Chatswood Club Ltd expects to maintain the present status and level of operations, and there are no likely developments in the operation which will affect the results in future periods, except matters disclosed in the report of the President.

#### Environmental issues

Chatswood Club Ltd operations are not regulated by any significant environmental regulation under the law of the Commonwealth or of a State or Territory.

#### Directors' and officers' indemnity

Chatswood Club Ltd has paid an insurance premium to insure Directors and Officers against liability for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director/Officer of Chatswood Club Ltd, other than the conduct involving a wilful breach of duty in relation to the Club. Chatswood Club Ltd has not indemnified, or agreed to indemnify an auditor against liability incurred by that auditor.

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]  
ABN 92 000 148 354

---

**DIRECTORS' REPORT [CONTINUED]**

**Litigation**

No person has applied for leave of court to bring proceedings on behalf of Chatswood Club Ltd, or intervene in any proceedings to which the Chatswood Club Ltd is a party for the purpose of taking responsibility on behalf of the Club for all or any part of those proceedings. Chatswood Club Ltd was not a party to any such proceedings during the year.

**Auditor's independence declaration**

The auditor's independence declaration for the year ended 30 June 2010 has been received and is located below.

Signed in accordance with a resolution of Directors made pursuant to section 298(2) of the *Corporations Act 2001*, on behalf of Directors by:

\_\_\_\_\_  
Gavin Durbin  
President

\_\_\_\_\_  
Phil Sale  
Vice President

Signed at Chatswood on this 6<sup>th</sup> day of October 2010

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF CHATSWOOD CLUB LTD**

I declare, to the best of my knowledge and belief that during the year ended 30 June 2010 there have been no contraventions of:

- [i] the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- [ii] any applicable code of professional conduct in relation to the audit.

\_\_\_\_\_  
Harley Russell & Day  
Chartered Accountants

\_\_\_\_\_  
Garry William Day  
Registered Company Auditor

Dated at Chatswood this 1<sup>st</sup> day of October 2010

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 30 June 2010

	<b>2010</b>	<b>2009</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenue from sale of goods	440,651	397,101
Revenue from rendering services	481,291	433,687
Other revenue	81,374	96,743
<b>Total revenue</b>	<b>1,003,316</b>	<b>927,531</b>
Cost of sales	(162,523)	(150,332)
Direct bar expenses	(144,413)	(130,545)
Direct poker machine expenses	(84,825)	(81,568)
Direct function expenses	(51,899)	(52,283)
Other employee expenses	(117,909)	(116,155)
Other equipment and occupancy expenses	(171,523)	(177,194)
Other expenses	(261,816)	(162,253)
Depreciation expense	(66,354)	(74,188)
Finance expense	(3,937)	(6,225)
<b>Profit (loss) before income tax expense</b>	<b>(61,883)</b>	<b>(23,212)</b>
Income tax expense	1[e] 0	0
<b>Profit (loss) for the year</b>	<b>(61,883)</b>	<b>(23,212)</b>
Other comprehensive income	0	0
<b>Total comprehensive loss for the year</b>	<b>(61,883)</b>	<b>(23,212)</b>

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 30 June 2010

**Retained earnings**

Opening balance at the start of the year	7,007,918	7,031,130
Total comprehensive loss for the year	(61,883)	(23,212)
<b>Closing balance at the end of the year</b>	<b>6,946,035</b>	<b>7,007,918</b>

The Statement of Comprehensive Income and Statement of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**STATEMENT OF FINANCIAL POSITION**

as at 30 June 2010

	<b>Note</b>	<b>2010</b> <b>\$</b>	<b>2009</b> <b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	50,564	61,962
Trade and other receivables	3	6,308	13,720
Inventories	4	24,607	21,035
Other assets	5	25,302	20,078
<b>Total current assets</b>		<b>106,781</b>	<b>116,795</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	6,920,376	6,944,385
Intangible assets	7	89,143	89,143
<b>Total non-current assets</b>		<b>7,009,519</b>	<b>7,033,528</b>
<b>Total assets</b>		<b>7,116,300</b>	<b>7,150,323</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	97,476	80,720
Borrowings	9, 16	15,786	15,336
Short term provisions	10	25,168	20,542
Other liabilities	11	11,058	11,083
<b>Total current liabilities</b>		<b>149,488</b>	<b>127,681</b>
<b>Non-current liabilities</b>			
Borrowings	9, 16	14,952	9,057
Other liabilities	11	5,825	5,667
<b>Total non-current liabilities</b>		<b>20,777</b>	<b>14,724</b>
<b>Total liabilities</b>		<b>170,265</b>	<b>142,405</b>
<b>Net assets</b>		<b>6,946,035</b>	<b>7,007,918</b>
<b>Equity</b>			
Retained earnings		6,946,035	7,007,918
<b>Total equity</b>		<b>6,946,035</b>	<b>7,007,918</b>

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**STATEMENT OF CASH FLOWS**

for the year ended 30 June 2010

	<b>Note</b>	<b>2010</b> <b>\$</b>	<b>2009</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers and members		1,013,744	930,340
Payments to suppliers and employees		(985,583)	(883,225)
		<hr/>	<hr/>
Cash generated from operations		28,161	47,115
Finance expense		(3,937)	(6,225)
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	15[a]	<b>24,224</b>	<b>40,890</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(42,345)	(35,804)
Proceeds from sale of property, plant and equipment		0	127
Interest received		378	1,453
		<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>		<b>(41,967)</b>	<b>(34,224)</b>
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		46,341	37,678
Repayment of borrowings		(39,996)	(61,747)
		<hr/>	<hr/>
<b>Net cash outflow from financing activities</b>		<b>6,345</b>	<b>(24,069)</b>
		<hr/>	<hr/>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<b>(11,398)</b>	<b>(17,403)</b>
Cash and cash equivalents at the beginning of the financial year		61,962	79,365
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial year</b>	15[b]	<b>50,564</b>	<b>61,962</b>
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2010

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements are general purpose financial statements that has been prepared in accordance with Australian Accounting Standards, Australian Interpretations, other authoritative pronouncements 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 the financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial report and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

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

**Accounting policies**

**[a] Property, plant and equipment**

**Acquisition and depreciation**

Property, plant and equipment are included at cost of acquisition or Directors valuation, less any impairment. These assets are depreciated, other than the strata title, which is reported at Directors valuation, over their useful lives commencing from the time the asset is held ready for use. The prime cost method [a straight-line basis] is used to depreciate non-current assets. The following depreciation rates are applied:

Furniture, plant & equipment	10.0% - 20.0%
Computer equipment	33.3%
Poker machines	20.0% - 33.3%
Renovations	5.0% - 10.0%

Profits and losses on disposal of property, plant and equipment are taken into account in determining the operating result for the year. Additionally, impairment of property, plant and equipment is reviewed at least annually.

**Impairment**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such an indication exists and where carrying values exceed the recoverable amount, the asset is written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

**[b] Intangible assets**

On approval to purchase poker machines by the NSW State Government [Liquor Administration Board], the Club is currently required by law, to purchase a "block" of poker machine **entitlements** [blocks are for the purchase of three poker machines, with one poker machine being added to a government "pool", and the remaining two entitlements used to obtain poker machine assets].

Poker machine entitlements are therefore merely a right to purchase poker machine assets, and do not have a cessation or termination date, and are therefore classified as an "acquired" intangible asset, having an indefinite useful life. Poker machine entitlements are currently not traded in an "active" market, but are purchased via brokers who negotiate between parties.

The initial cost of purchasing poker machine entitlements are debited to an asset account reported under intangible assets [non-current assets]. The intangible asset is not amortised, as it does not have a finite useful life, nor is the intangible asset revalued periodically, as there is no "active" market. Intangible assets are reviewed at least every twelve months for impairment in accordance with AASB 136.

Gains and losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset, and are recognised in the statement of comprehensive income when the intangible asset is derecognised.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2010

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]**

**[c] Employee entitlements**

Provision is made for the Club's liability for employee entitlements arising from services rendered by employees to balance date. The provision for annual leave, sick leave and long service leave, have been calculated at nominal amounts based on current wage and salary rates, and include related costs in accordance with the various award requirements. The provision for long service leave is made on a pro-rata basis for all employees who have an excess of five years service.

Superannuation contributions are made by the Club to approved superannuation funds for all employees. The costs are charged as employee expenses as they are incurred. The Club has no legal obligation to cover any shortfall in the superannuation funds' obligations to provide benefits to employees on retirement.

**[d] Inventories**

Inventories are carried at the lower of cost and net realisable value. The cost of inventories comprises all costs directly related to acquisition, such as freight and delivery charges, and liquor taxes where applicable. Cost is based on first-in, first-out principal. Net realisable value is determined on an item by item basis.

**[e] Taxation**

**Income tax**

In assessing income tax liability, the Club applies the principle of mutuality to the revenue and expenses of the Club. The principle of mutuality is a common law principle arising from the premise that a person cannot profit from himself. Accordingly, receipts from members are deemed to be mutual and not subject to income tax, and expenses in connection with mutual activities are also mutual and not deductible for taxation purposes.

All other receipts and payments are classified, for taxation purposes, in accordance with taxation legislation.

The Club currently has the benefit of accumulated income tax losses, resulting in current income tax expense being reduced to \$Nil [2009 \$Nil].

Future income tax benefits relating to tax losses are not carried forward in the financial statements unless the benefits are virtually certain of being realised.

**Goods and services tax [GST]**

Revenues, expenses and assets are recognised net of the amount of GST in the financial statements with the exception:

- where the GST incurred on purchases of goods and services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as a part of the cost of acquisition of the asset or as part of the expense item as applicable.
- receivables and payables are stated inclusive of GST.
- cash flows are presented in the statement of cash flows on a gross basis, and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the Australian Taxation Office, are classified as operating cash flows.
- net poker machine revenue, which is presented on a GST inclusive basis, with the GST component treated in the financial accounts as an **expense**. This method provides Directors and members with information on the additional impost of GST on gaming revenue.

Effective 1 July 2004, the New South Wales State Government [Office of State Revenue] agreed to reimburse all Clubs in NSW the GST impost, less an OSR "management" fee, on the first \$200,000 of net gaming revenue. This arrangement has been confirmed by government out to the 2011/12 year.

The net amount of GST recoverable from, or payable to the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.

**Other taxation**

Where assets have been revalued, no provision for potential capital gains tax has been made.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2010

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]**

**[f] Investments**

Investments are carried at the lower of cost and net recoverable amount. Interest income is brought to account on an accruals basis, and recognised as income as it becomes due.

**[g] Payables [trade and other creditors]**

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

**[h] Receivables [trade and other debtors]**

The terms of trade are usually 30 days from the date of invoice. Collectability of debtors is reviewed on an ongoing basis. Debts known to be uncollectible are written off as impaired.

**[i] Finance costs**

Finance costs are recognised as an operating expense in the period in which they are incurred. Finance costs may include:

- Interest on bank overdrafts;
- Interest on leases [hire purchase agreements];
- Interest on overdue payables;
- Interest on insurance funding.

**[j] Revenue recognition**

**General**

In general, revenue is recognised, where it can be reliably measured, in the period to which it relates. However, where there is not an established pattern of income flow, revenue is recognised on a cash receipts basis.

**Membership subscriptions**

The Clubs subscription year is 1 January to 31 December. Subscriptions are payable annually in advance. Only those membership subscription receipts, which are attributable to the current financial year, are recognised as revenue. Subscription receipts relating to periods beyond the current financial year are shown on the statement of financial position under the heading of Other Liabilities [refer to Note 11].

**[k] Cash and cash equivalents**

Cash includes cash on hand, cash at bank, deposits at call and highly liquid investments which are readily convertible to cash on hand.

**[l] Accounting for leases/hire purchase agreements**

Lease or hire purchase of plant and equipment, under which the Club assumes substantially all of the risks and benefits of ownership, are classified as **finance leases** [this includes hire purchase contracts].

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments [hiring instalments], including any guaranteed residual values. Leased assets are depreciated on a prime cost basis [straight line] over their estimated useful lives where it is likely the Club will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense [hire purchase charges] for the period.

Other leases are classified as **operating leases**. Minimum lease payments made under operating leases are charged as an expense in equal instalments over the accounting periods covered by the lease term.

**[m] Comparative figures**

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

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2010

	2010 \$	2009 \$
<b>2. CASH AND CASH EQUIVALENTS</b>		
<b>Current</b>		
Cash on hand	26,480	31,740
Cash at bank	24,084	30,222
	<u>50,564</u>	<u>61,962</u>
<b>3. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade debtors	6,157	13,569
Other debtors	151	151
	<u>6,308</u>	<u>13,720</u>
<b>4. INVENTORIES</b>		
<b>Current</b>		
Stock on hand - at cost	24,607	21,035
	<u>24,607</u>	<u>21,035</u>
<b>5. OTHER ASSETS</b>		
<b>Current</b>		
Investments - at cost	750	750
Prepayments	24,552	19,328
	<u>25,302</u>	<u>20,078</u>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
[a] Strata title - at valuation	6,775,000	6,775,000
<p>The <b>booked</b> value carried in the accounts, is the insurance replacement value dated 13 July 2004. The current insurance replacement value dated 3 March 2010 is \$35,000,000 for the whole building, of which the Club owns 25.1% share, is \$8,785,000. Your Directors have elected <b>not</b> to bring the current insurance replacement valuation of \$8,785,000 to account, as they believe the current booked value of \$6,775,000 is fair and reasonable. The cost of obtaining a "market" valuation of the strata title, at this time, is prohibitive. The strata title is classified as a <b>Core Asset</b> as defined under the <i>Registered Clubs Act 1976</i>.</p>		
[b] Renovations - at cost	19,629	19,629
<b>Less:</b> Accumulated depreciation	(3,370)	(1,902)
	<u>16,259</u>	<u>17,727</u>
[c] Plant, furniture and fittings - at cost	635,718	639,275
<b>Less:</b> Accumulated depreciation	(551,456)	(533,754)
	<u>84,262</u>	<u>105,521</u>
[d] Poker machines - at cost	340,270	313,739
<b>Less:</b> Accumulated depreciation	(295,415)	(267,602)
	<u>44,855</u>	<u>46,137</u>
<b>Total property, plant and equipment</b>	<u>6,920,376</u>	<u>6,944,385</u>

The Club currently owns sixteen [16] poker machine **entitlements**. Four [4] of these entitlements were **purchased**, and are recorded as intangible assets in the statement of financial position [see Note 7: Intangible Assets]. The remaining twelve [12] poker machine entitlements are **not** recorded in the statement of financial position, in accordance with accounting standards. The current market value for each entitlement is estimated by your Directors to be in the vicinity of \$15,000. This would make the estimated value of the sixteen [16] poker machine entitlements held by the Club to be \$240,000.

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2010

**6. PROPERTY, PLANT AND EQUIPMENT [CONTINUED]**

Reconciliation of the carrying amounts for each class of property, plant and equipment

	Strata Title	Renovations \$	Plant and Equipment \$	Poker Machines \$	Total \$
Opening balance	6,775,000	17,727	105,521	46,137	6,944,385
Additions	0	0	10,065	32,280	42,345
Disposals	0	0	0	0	0
Depreciation	0	(1,468)	(31,323)	(33,563)	(66,354)
Impairment	0	0	0	0	0
<b>Closing balance</b>	<b>6,775,000</b>	<b>16,259</b>	<b>84,263</b>	<b>44,854</b>	<b>6,920,376</b>

**2010****2009****\$****\$****7. INTANGIBLE ASSETS**

Poker machine entitlements - at cost

89,143

89,143

**Cost basis**

Directors of Chatswood Club Ltd review poker machine entitlements in accordance with the accounting policy set out in Note 1[b]. This asset is tested for impairment where an indicator of impairment arises, or reviewed at least every twelve months. These poker machine entitlements have been tested using the calculation of the higher of fair value, less costs to realise, and value in use. The Directors believe the carrying amount of these poker machine entitlements are **not** impaired as at 30 June 2010.

**Reconciliation of the carrying amount of intangible assets - poker machine entitlements**

Carrying amount at the beginning of the period	89,143	89,143
Additions	0	0
Disposals	0	0
Impairment	0	0
<b>Carrying amount at the end of the period</b>	<b>89,143</b>	<b>89,143</b>

**8. TRADE AND OTHER PAYABLES****Current**

Trade creditors	53,738	47,152
Other creditors	6,806	3,570
Tax liabilities	14,481	15,985
Accruals	22,451	14,013
	<b>97,476</b>	<b>80,720</b>

**9. BORROWINGS****Current: Secured**

Hire purchase liability	6,150	15,336
Other loans	9,636	0
	<b>15,786</b>	<b>15,336</b>

**Non-current: Secured**

Hire purchase liability	2,907	9,057
Other loans	12,045	0
	<b>14,952</b>	<b>9,057</b>

**Total borrowings****30,738****24,393**

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2010

	2010 \$	2009 \$
<b>10. PROVISIONS</b>		
<b>Current</b>		
<b>Short term provisions</b>		
Employee benefits	25,168	20,542
<b>Provision movements:</b>		
<b>Employee benefits</b>		
Total provisions for employee benefits at the start of the financial year	20,542	29,288
Funds set aside from revenues to fund provisions	22,781	25,170
Payment on employee benefits taken	(18,155)	(33,916)
<b>Total provisions for employee benefits at the end of the financial year</b>	<b>25,168</b>	<b>20,542</b>
<b>11. OTHER LIABILITIES</b>		
<b>Current</b>		
Subscriptions in advance	8,122	8,278
Deposits in advance - functions	2,936	2,805
	<b>11,058</b>	<b>11,083</b>
<b>Non-current</b>		
Subscriptions in advance	5,825	5,667
<b>Total other liabilities</b>	<b>16,883</b>	<b>16,750</b>
<b>12. TAXATION</b>		
<b>Future income tax benefit</b>		
At balance date, a potential future income tax benefit exists in the form of estimated [2010] and confirmed [2009] accumulated tax losses of:	<b>290,000</b>	<b>285,941</b>
These tax losses are available to offset any income tax liability, as a result of applying the principle of mutuality to Chatswood Club Ltd revenue and expenses. Refer to Note 1[e].		
The potential future income tax benefit attributable to tax losses, has not been recognised in the financial statements as an asset, as the recovery of this tax asset is regarded as uncertain.		
<b>13. DIRECTORS' BENEFITS</b>		
Directors of Chatswood Club Ltd have been duly appointed on an honorary basis. The Board does not receive any benefits or fees for their efforts and time. Out of pocket expenses have been reimbursed in accordance with guidelines set out by Clubs New South Wales and the <i>Registered Clubs Act 1976 [as amended]</i> . Reimbursement is currently limited to an <b>aggregate</b> of \$5,000 per annum.		
Directors expenses	<b>4,045</b>	<b>2,392</b>
<b>14. AUDITORS' REMUNERATION</b>		
Auditors' remuneration in respect of:		
Auditing and reviewing the financial statements	7,000	7,000
Other services	0	0
	<b>7,000</b>	<b>7,000</b>

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2010

	2010 \$	2009 \$
<b>15. CASH FLOWS</b>		
<b>[a] Reconciliation of net cash provided by operating activities to profit for the year</b>		
Loss for the year	(61,883)	(23,212)
<b>Plus (minus) non-cash items:</b>		
Depreciation of non-current assets	66,354	74,188
Net revenues set aside to fund employee benefits	25,170	25,170
	<u>91,524</u>	<u>99,358</u>
<b>Plus (minus) non-operating items:</b>		
Interest received	(378)	(1,453)
Net profit (loss) on disposal of property, plant & equipment	0	1,342
	<u>(378)</u>	<u>(111)</u>
<b>Changes in assets and liabilities:</b>		
(Increase) decrease in receivables	7,412	(2,159)
(Increase) decrease in inventories	(3,572)	(469)
(Increase) decrease in other current assets	(5,225)	(9,729)
Increase (decrease) in payables	8,319	13,736
Increase (decrease) in current provisions	(20,544)	(11,758)
Increase (decrease) in other current liabilities	2,746	(2,608)
Increase (decrease) in non-current liabilities	5,825	(22,158)
	<u>(5,039)</u>	<u>(35,145)</u>
<b>Net cash inflow from operating activities</b>	<b><u>24,224</u></b>	<b><u>40,890</u></b>
<b>[b] Reconciliation of cash</b>		
For the purposes of the statement of cash flows, cash includes cash on hand, cash at banks and investments in short term money market instruments, <b>less</b> bank overdrafts. Cash at the end of the reporting period, as shown in the cash flow statement, is reconciled to the items in the statement of financial position as follows:		
Cash and cash equivalents	<u>50,564</u>	<u>61,962</u>
<b>[c] Cash restrictions</b>		
All cash referred to in Note 15[b], is available for use without restriction or encumbrance.		
<b>16. COMMITMENTS</b>		
<b>[a] Finance lease/hire purchases/other loan</b>		
Payable:		
Not later than one year	16,934	18,081
Later than one year but not later than five years	15,085	10,338
	<u>32,019</u>	<u>28,419</u>
Minimum lease payments	32,019	28,419
<b>Less:</b> Future finance charges	(1,281)	(4,026)
	<u>30,738</u>	<u>24,393</u>
<b>Represented by:</b>		
Current liabilities	15,786	15,336
Non-current liabilities	14,952	9,057
	<u>30,738</u>	<u>24,393</u>

## CHATSWOOD CLUB LTD

[A Company Limited by Guarantee]

ABN 92 000 148 354

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

2010

\$

2009

\$

#### 16. COMMITMENTS [CONTINUED]

##### [b] Capital Expenditure

Chatswood Club Ltd has no capital expenditure commitments contracted for at balance date, but not yet recognised as liabilities, and payable.

##### [c] Superannuation

Chatswood Club Ltd has a commitment to pay superannuation guarantee contributions for all employees based on a percentage of their ordinary wages. This percentage is determined by the Federal Government from time to time. The current percentage rate is 9% pa for 2009/10, and will remain at 9% pa for the Club's next financial year. No contributions are required by members [employees] to the superannuation scheme.

#### 17. RELATED PARTY TRANSACTIONS

Transactions between related parties are based on normal commercial terms and conditions. These transactions are no more favourable than those available to other parties, unless otherwise stated. During this financial year there were no transactions with Directors', Officers' or Director/Officer related entities.

#### 18. KEY MANAGEMENT PERSONNEL COMPENSATION

##### [a] Key Management personnel

Gavin Durbin	President
Richard Whiley	Vice-President
John Gercken	Director
John Kay	Director
Roger Searle	Director
Phil Sale	Director
Paul Donald	Director
Hamish Green	Former Director
Robert Modesto	Former Director

##### Other key management personnel

Jason Parle	General Manager
-------------	-----------------

##### [b] Key management personnel compensation

The following benefits and payments were made to **other key management personnel**. Refer to Note 13: Directors Benefits.

Short term benefits	86,349	76,000
Post employment benefits	7,470	6,840
Termination benefits	0	0
	<u>93,819</u>	<u>82,840</u>

#### 19. LIMITATION OF MEMBERS' LIABILITY

Chatswood Club Ltd is a public company limited by guarantee, and in accordance with the Club's constitution, the liability of members in the event of the Club being wound up would not exceed \$10.00 per member.

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2010

**20. FINANCIAL INSTRUMENTS****[a] Off-Balance Sheet derivative instruments**

Chatswood Club Ltd is not a party to financial instruments with off-statement of financial position risk.

**[b] Credit risk exposures**

The credit risk on financial assets of Chatswood Club Ltd, such as receivables, which have been recognised on the statement of financial position, is generally the carrying amount, net of any impairment.

**[c] Interest rate risk exposures**

Chatswood Club Ltd exposure to interest rate risk, and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the financial assets and liabilities table below. Exposures arise predominantly from assets and liabilities bearing variable interest rates, as the Club would normally hold fixed rate assets and liabilities to maturity.

**Financial assets and liabilities table**

	Floating Interest Rate \$	Fixed Interest Maturing in:			Non- Interest Bearing \$	Total \$
		1 Year or less \$	Over 1 Yr and less than 5 Yrs \$	More than 5 Years \$		
<b>2010</b>						
<b>Financial assets</b>						
Cash and cash equivalents	25,016				25,548	<b>50,564</b>
Trade and other receivables					6,308	<b>6,308</b>
	<u>25,016</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,856</u>	<u><b>56,872</b></u>
Weighted average interest rate	0.50%	0.00%	0.00%	0.00%		
<b>Financial liabilities</b>						
Trade and other payables					97,476	<b>97,476</b>
Hire purchase liabilities		6,150	2,907			<b>9,057</b>
Other loans					21,681	<b>21,681</b>
Receipts in advance					16,883	<b>16,883</b>
	<u>0</u>	<u>6,150</u>	<u>2,907</u>	<u>0</u>	<u>136,040</u>	<u><b>145,097</b></u>
Weighted average interest rate	0.00%	18.11%	18.11%	0.00%		
<b>Net financial assets (liabilities)</b>	<b>25,016</b>	<b>(6,150)</b>	<b>(2,907)</b>	<b>0</b>	<b>(104,184)</b>	<b>(88,225)</b>
<b>2009</b>						
<b>Financial assets</b>						
Cash and cash equivalents	1,476				60,486	<b>61,962</b>
Trade and other receivables					13,720	<b>13,720</b>
	<u>1,476</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>74,206</u>	<u><b>75,682</b></u>
Weighted average interest rate	2.10%	0.00%	0.00%	0.00%		
<b>Financial liabilities</b>						
Trade and other payables					80,720	<b>80,720</b>
Hire purchase liabilities		15,336	9,057			<b>24,393</b>
Other loans						<b>0</b>
Receipts in advance					16,750	<b>16,750</b>
	<u>0</u>	<u>15,336</u>	<u>9,057</u>	<u>0</u>	<u>97,470</u>	<u><b>121,863</b></u>
Weighted average interest rate	0.00%	16.17%	16.17%	0.00%		
<b>Net financial assets (liabilities)</b>	<b>1,476</b>	<b>(15,336)</b>	<b>(9,057)</b>	<b>0</b>	<b>(23,264)</b>	<b>(46,181)</b>

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2010

	2010	2009
	\$	\$
<b>20. FINANCIAL INSTRUMENTS</b>		
<b>[c] Interest rate risk exposures [continued]</b>		
<b>Reconciliation of net financial assets (liabilities) to net assets</b>		
Net financial assets (liabilities) from the table on page 17.	(88,225)	(46,181)
Non financial assets and liabilities:		
Inventories	24,607	21,035
Other assets	25,302	20,078
Property, plant and equipment	6,920,376	6,944,385
Intangible assets	89,143	89,143
Provisions	25,168	20,542
<b>Net assets per statement of financial position</b>	<b>6,996,371</b>	<b>7,049,002</b>

**[d] Net fair value of financial assets and liabilities**

The net fair value of cash and cash equivalents, and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

**21. REGISTERED CLUBS ACT REPORTING REQUIREMENTS**

The disclosure requirements under section 41 of the *Registered Clubs Act 1976 [as amended]* are kept by Chatswood Club Ltd and may be viewed by application in writing to the General Manager.



## CHATSWOOD CLUB LTD

[A Company Limited by Guarantee]  
ABN 92 000 148 354

---

### DIRECTORS' DECLARATION

The Directors of Chatswood Club Ltd declare that:

- [a] in the Directors' opinion, there are reasonable grounds to believe that Chatswood Club Ltd will be able to pay its debts as and when they become due and payable; and
- [b] in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards, and giving a true and fair view of the financial position and performance of Chatswood Club Ltd for the year ended 30 June 2010.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*, on behalf of the Directors by:

---

Gavin Durbin  
President

---

Phil Sale  
Vice President

Dated at Chatswood this 6<sup>th</sup> day of October 2010

### INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CHATSWOOD CLUB LTD

We have audited the accompanying financial report of Chatswood Club Ltd ("the company") which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company at the year's end or from time to time during the financial year, as set out on pages 6 to 18, and the directors' declaration on this page.

#### 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 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 statements 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 Australian 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, comply with IFRS.

#### Auditor's responsibility

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

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

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

#### Auditor's 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*, provided to the directors of Chatswood Club Ltd would be in the same terms if provided to the directors as at the date of this auditor's report.

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]  
ABN 92 000 148 354

---

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
CHATSWOOD CLUB LTD [CONTINUED]**

**Auditor's opinion**

In our opinion:

- [a] the financial statements of Chatswood Club Ltd are in accordance with the *Corporations Act 2001*, including:
  - [i] giving a true and fair view of the company and its financial position as at 30 June 2010 and of the 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 and notes also comply with International Financial Reporting Standards, as disclosed in Note 1.

---

Harley Russell & Day  
Chartered Accountants

---

Garry William Day  
Registered Company Auditor

Dated at Chatswood this 7<sup>th</sup> day of October 2010

**AUDITOR'S DISCLAIMER**

The **supplementary** financial data presented on the attached pages is in accordance with the books and records of Chatswood Club Ltd, which have been subjected to the auditing procedures applied in my statutory audit of the Club for the year ended 30 June 2010. It will be appreciated that my statutory audit did not cover all details of the supplementary financial data. Accordingly, I do not express an opinion on such supplementary financial data and no warranty of accuracy or reliability is given.

In accordance with my firm's policy, I advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person [other than the Chatswood Club Ltd), in respect of such data, including any errors or omissions therein, arising through negligence or otherwise however caused.

---

Harley Russell & Day  
Chartered Accountants

---

Garry William Day  
Registered Company Auditor

Dated at Chatswood this 7<sup>th</sup> day of October 2010

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**SUPPLEMENTARY INFORMATION****EXTRACT FROM THE STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 30 June 2010

		<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
Bar [main] trading -	Sales revenue	368,573	340,848
	<b>Less:</b> Cost of sales	(137,099)	(129,522)
	Gross profit from bar	231,474	211,326
	Direct expenses	(147,055)	(136,650)
	<b>Net profit from bar</b>	<b>84,419</b>	<b>74,676</b>
Poker machines -	Revenue [net]	366,288	337,403
	Direct expenses	(120,088)	(120,738)
	<b>Net profit from poker machines</b>	<b>246,200</b>	<b>216,665</b>
Functions -	Sales revenue [bar]	72,078	56,253
	<b>Less:</b> Cost of sales	(25,424)	(20,810)
	Gross profit from function rooms	46,654	35,443
	Other function revenues	114,939	96,709
	Direct expenses	(58,269)	(62,765)
	<b>Net profit from functions</b>	<b>103,324</b>	<b>69,387</b>
Other revenues		81,060	94,865
Interest received		378	1,453
<b>Total other revenues</b>		<b>81,438</b>	<b>96,318</b>
<b>Total revenues</b>		<b>515,381</b>	<b>457,046</b>
Other employee expenses		(117,909)	(116,155)
Other equipment and occupancy expenses		(195,302)	(199,705)
Other expenses		(261,816)	(162,253)
Other finance expenses		(2,237)	(2,145)
<b>Total other expenses</b>		<b>(577,264)</b>	<b>(480,258)</b>
<b>Profit (loss) for the year</b>		<b>(61,883)</b>	<b>(23,212)</b>

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**SUPPLEMENTARY INFORMATION [CONTINUED]****PROFIT & LOSS ACCOUNT**

for the year ended 30 June 2010

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>		
<b>[a] Sales revenue</b>		
Bar sales		
- main bar	368,573	340,848
- function bar	72,078	56,253
<b>Total sales revenue</b>	<b>440,651</b>	<b>397,101</b>
<b>[b] Other revenue</b>		
<b>[ii] Trading revenue</b>		
Poker machine revenue [net]	366,288	337,403
Catering license fees	15,167	25,190
Catering Commission	0	3,455
Function room hire fees	92,418	65,640
Function room other income	7,354	2,424
Keno commission [net]	64	(425)
<b>Total trading revenue</b>	<b>481,291</b>	<b>433,687</b>
<b>[ii] Other</b>		
ATM income	3,314	3,537
Car parking reservation fees	55,669	71,552
Subscriptions - members	12,642	13,703
Sundry income	1,041	1,065
Telephone income	0	5
Trainee Incentive Scheme Bonus	1,500	0
Vending machine & pool table commission	6,830	5,428
<b>Total other</b>	<b>80,996</b>	<b>95,290</b>
<b>Total other revenue</b>	<b>562,287</b>	<b>528,977</b>
<b>[c] Interest received</b>		
Interest received	378	1,453
<b>Total interest received</b>	<b>378</b>	<b>1,453</b>
<b>Total revenue</b>	<b>1,003,316</b>	<b>927,531</b>
<b>EXPENSES</b>		
<b>[a] Bar expenses</b>		
Employee expenses	129,486	119,215
Repairs and maintenance	6,468	4,705
Supplies	6,661	5,253
Wastage	1,798	1,372
	144,413	130,545
Depreciation	2,642	6,105
<b>Total bar expenses</b>	<b>147,055</b>	<b>136,650</b>

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**SUPPLEMENTARY INFORMATION [CONTINUED]****PROFIT & LOSS ACCOUNT**

for the year ended 30 June 2010

	2010	2009
	\$	\$
<b>EXPENSES [CONTINUED]</b>		
<b>[b] Poker machine expenses</b>		
Data monitoring system charges	7,195	6,999
Employee expenses	56,008	53,998
GST expense	15,117	12,491
Loss on disposal of equipment >>>>>>	0	828
Repairs and maintenance	5,503	6,250
State government duty and charges	1,002	1,002
	<u>84,825</u>	<u>81,568</u>
Hire purchase charges	1,700	4,080
Depreciation	33,563	35,090
	<u>120,088</u>	<u>120,738</u>
<b>[c] Function expenses</b>		
Employee expenses	36,922	36,799
Gas supply	3,127	3,198
Laundry	0	1,337
Repairs and maintenance	4,537	6,942
Supplies and equipment hire	7,313	4,007
	<u>51,899</u>	<u>52,283</u>
Depreciation	6,370	10,482
	<u>58,269</u>	<u>62,765</u>
<b>[d] Other employee expenses</b>		
Holiday pay - provisioning	21,364	21,782
Long service leave - provisioning	817	(4,332)
Sick leave - provisioning	600	600
Salaries and wages - administration	80,796	81,414
Staff drinks and meals	1,728	4,022
Staff training	3,980	695
Superannuation - administration	7,311	7,294
Uniforms	1,189	168
Workers' compensation - administration	124	4,512
	<u>117,909</u>	<u>116,155</u>
<b>[e] Other equipment and occupancy expenses</b>		
Cleaning	25,651	25,376
Electricity	54,511	52,877
Insurance - general	16,694	18,682
Loss on disposal of property, plant and equipment	0	514
Rates - council	10,993	10,373
Rates - water	1,766	1,661
Repairs and maintenance	16,559	24,857
Security	4,677	2,922
Strata levy	40,672	39,932
	<u>171,523</u>	<u>177,194</u>
Depreciation	23,779	22,511
	<u>195,302</u>	<u>199,705</u>

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**SUPPLEMENTARY INFORMATION [CONTINUED]****PROFIT & LOSS ACCOUNT**

for the year ended 30 June 2010

	2010	2009
	\$	\$
<b>EXPENSES [CONTINUED]</b>		
<b>[f] Other expenses</b>		
Accountancy fees	10,265	10,240
Advertising and promotion	7,491	7,909
Auditors' remuneration	6,560	7,090
Bank charges	1,754	3,374
Cash shortages	(53)	50
Car parking reservation expenses	12,780	6,110
Club entertainment	6,645	9,445
Computer software, support & training	1,603	2,079
Community support	10,950	10,136
Directors expenses	4,045	2,392
Donations	1,000	113
Entertainment - Australian Poker	115,483	14,630
Filing fees	375	645
Fire protection	1,498	607
Fox sport subscription	16,385	15,905
General expenses	682	761
Legal expenses	0	1,500
Licence fees and association subscriptions	5,079	5,857
Members promotions	44,944	49,679
Pest control	1,884	1,455
Postage, printing & stationery	4,294	5,446
Sponsorship	0	0
Taxi and courier expenses	547	37
Telephone	7,605	6,793
<b>Total other expenses</b>	<b>261,816</b>	<b>162,253</b>
<b>[g] Cost of sales</b>		
Main bar	137,099	129,522
Function bar	25,424	20,810
<b>Total cost of sales</b>	<b>162,523</b>	<b>150,332</b>
<b>[h] Other finance expenses</b>		
Interest expense - insurance funding and other	2,237	2,145
<b>Total expenses</b>	<b>1,065,199</b>	<b>950,743</b>
Total revenues	1,003,316	927,531
<b>Less: Total expenses</b>	<b>(1,065,199)</b>	<b>(950,743)</b>
<b>Profit (loss) for the year</b>	<b>(61,883)</b>	<b>(23,212)</b>

**CHATSWOOD CLUB LTD**

[A Company Limited by Guarantee]

ABN 92 000 148 354

**SUPPLEMENTARY INFORMATION [CONTINUED]**

<b>FIVE YEAR SUMMARY</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
Bar trading	84,419	71,250	30,258	45,605	52,929
Poker machine revenue	246,200	216,665	208,525	322,483	323,262
Function/brasserie trading	103,324	72,813	56,333	72,149	78,701
Other revenue	81,438	96,318	80,469	67,429	60,643
<b>Revenue</b>	<b>515,381</b>	<b>457,046</b>	<b>375,585</b>	<b>507,666</b>	<b>515,535</b>
Other employee expenses	(117,909)	(116,155)	(126,465)	(171,008)	(176,221)
Other equipment and occupancy expenses	(195,302)	(199,705)	(269,332)	(183,433)	(182,001)
Other expenses	(261,816)	(162,253)	(171,387)	(174,180)	(130,482)
Other finance costs	(2,237)	(2,145)	(982)	0	0
<b>Expenses</b>	<b>(577,264)</b>	<b>(480,258)</b>	<b>(568,166)</b>	<b>(528,621)</b>	<b>(488,704)</b>
<b>Profit (loss) for the year</b>	<b>(61,883)</b>	<b>(23,212)</b>	<b>(192,581)</b>	<b>(20,955)</b>	<b>26,831</b>
<b>STATEMENT OF FINANCIAL POSITION</b>					
Cash and cash equivalents	50,564	61,962	79,365	275,763	274,098
Trade and other receivables	6,308	13,720	11,561	15,585	10,546
Inventories	24,607	21,035	20,566	22,595	24,043
Other assets	25,302	20,078	10,349	9,259	22,582
<b>Total current assets</b>	<b>106,781</b>	<b>116,795</b>	<b>121,841</b>	<b>323,202</b>	<b>331,269</b>
Non-current assets	7,009,519	7,033,528	7,073,381	7,106,445	7,117,729
<b>Total assets</b>	<b>7,116,300</b>	<b>7,150,323</b>	<b>7,195,222</b>	<b>7,429,647</b>	<b>7,448,998</b>
Trade and other payables	97,476	80,720	70,628	43,922	75,967
Short term provisions	25,168	20,542	7,130	19,061	15,045
Financial liabilities	15,786	15,336	38,264	43,952	23,871
Other liabilities	11,058	16,750	15,714	33,276	37,820
<b>Total current liabilities</b>	<b>149,488</b>	<b>133,348</b>	<b>131,736</b>	<b>140,211</b>	<b>152,703</b>
Non-current liabilities	20,777	9,057	32,356	65,725	52,629
<b>Total liabilities</b>	<b>170,265</b>	<b>142,405</b>	<b>164,092</b>	<b>205,936</b>	<b>205,332</b>
<b>Equity</b>	<b>6,946,035</b>	<b>7,007,918</b>	<b>7,031,130</b>	<b>7,223,711</b>	<b>7,243,666</b>
<b>RATIOS</b>					
<b>Bar [all] trading:</b>	Sales to Gross Profit	63%	62%	61%	61%
<b>Poker machines:</b>	Revenue to Gross Profit	27%	32%	31%	32%
<b>OTHER INFORMATION</b>					
<b>Membership:</b>	Life	10	10	8	8
	Full	466	425	376	471
	Associate	1,261	999	755	994
	Country	0	8	8	11
	Special	0	0	1	1
	<b>Total</b>	<b>1,737</b>	<b>1,442</b>	<b>1,148</b>	<b>1,485</b>

**Note:** All figures have been extracted from prior year Annual Reports, and restated where necessary to comply with the current reporting format, unless otherwise stated.