



**MOSMAN**  
RETURNED SERVICEMEN'S  
**CLUB** LIMITED

ANNUAL  
**REPORT**  
**2010**



# Notice of Meeting

ABN 15 000 613 785  
as at 31 December 2010

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Notice is hereby given that the Forty Forth Annual General Meeting of Mosman Returned Servicemen's Club Limited (ABN 15 000 613 785) will be held in the Club auditorium at 10.00am Sunday 15th May 2011.

## **BUSINESS**

1. Attendance – Establishment of Quorum (30)
2. Apologies
3. Confirmation of the Minutes of the Forty Second Annual General Meeting held on 23rd May 2010.
4. Business Arising
5. Correspondence
6. Financial Report and presentation of the audited Balance Sheet and supporting accounts.
7. Declaration of the poll for the election of Office Bearers and Directors.
8. Ordinary Resolutions – First and Second.

## **NOMINATION AND ELECTION OF OFFICE BEARERS AND DIRECTORS.**

The following Office Bearers are to be elected:

President,	Vice President,
Honorary Treasurer,	Four (4) Directors

Nominations will be received for the above positions up to 5pm on Friday 29th April 2011, and the forms should be lodged with the Secretary when they are completed by Members who are eligible both to nominate and second nominations under the Articles of Association of the Club.

Voting for the election of the seven (7) Office Bearers will commence on Sunday 1st May 2011, and will terminate on Saturday 14th May 2011 at 6pm.

Votes may be cast during this period on ballot papers available from the Returning Officer or Deputy Returning Officer during hours displayed on the Notice Board in the premises of the Club.

Names of the Returning Officer and the Deputy Returning Officer will be displayed on the Notice Board.

## **NOTICES OF MOTION**

Notices of Motion for inclusion in the Agenda for the Forty Forth Annual General Meeting must be received forty-two (42) days prior to the date fixed for the Annual General Meeting. Each Notice of Motion must be in writing and must be moved and seconded by Members eligible to move Notices of Motion under the Constitution of the Club.

By Order of the Board  
**J.H. VIDLER** GENERAL MANAGER

**FIRST ORDINARY RESOLUTION**

ABN 15 000 613 785  
as at 31 December 2010

- (a) That the members hereby approve expenditure by the Club not exceeding **\$20,000** until the Annual General Meeting in 2012 for the following:
- (i) The reasonable costs of directors attending seminars, lectures and other educational activities as determined by the Board from time to time.
  - (ii) The reasonable costs (including travel and accommodation expenses) of directors attending meetings, conferences and trade shows conducted by ClubsNSW, the Club Managers Association and such other conferences and trade shows as determined by the Board from time to time.
  - (iii) The reasonable cost of directors attending any other registered club for the purpose of viewing and assessing its facilities as determined by the Board as being necessary for the benefit of the Club.
  - (iv) The reasonable cost of directors attending any club, community or charity function as the representatives of the Club and authorised by the Board to do so.
  - (v) The reasonable cost of entertaining special guests of the Club either within the Club or elsewhere as determined by the Board from time to time.
  - (vi) The reasonable cost of meals and beverages for directors before or after a Board or Committee meeting on the day of that meeting when such meeting coincides with a normal meal time.
  - (vii) The reimbursement of reasonable out of pocket expenses incurred by directors traveling to and from directors meetings or other duly constituted meetings of any such committee of the Board.
- (b) The members acknowledge that the benefits in paragraph (a) are not available for members generally but are only for those who are Directors of the Club."

**SECOND ORDINARY RESOLUTION**

- (a) That the members hereby approve the payment of the following honorariums to the directors of the club for services as directors of the Club until the Annual General Meeting in 2012:
- (i) President - \$5,000.00 p.a. and
  - (ii) All other directors - \$2,500.00 p.a. each.
- (b) Such honorariums to be paid by monthly or such other installments as the Club and the President or director may agree from time to time.

Dated: 9th April 2011

By direction of the Board



Jeff Vidler  
General Manager

# NOTES TO MEMBERS

ABN 15 000 613 785  
as at 31 December 2010

These notes are to be read in conjunction with the proposed Resolutions:

## First Ordinary Resolution

1. The First Ordinary Resolution is to have the members in General Meeting approve an amount no greater than \$20,000 for the expenditure by the Club for directors to attend seminars, lectures, trade displays and other similar events to be kept abreast of current trends and developments which may have a significant bearing on the Club and for other out of pocket expenses. Included in the resolution is the cost of directors attending functions as representatives of the Club and the costs of their spouses/partners also attending those functions.

## Second Ordinary Resolution

2. The Second Ordinary Resolution is to have the members in General Meeting approve honorariums for the directors of the Club for duties to be performed by them until the next Annual General Meeting. The President's honorarium to be \$5,000.00 and the honorariums for all other directors to be \$2,500.00.

## Procedural Matters

3. To be passed each ordinary resolution must receive votes in its favour from not less than a simple majority of those members, who being entitled to do so, vote in person at the meeting.

Dated: 9 April 2011 By direction of the Board



Jeff Vidler  
General Manager

## PRESIDENT'S REPORT

ABN 15 000 613 785  
as at 31 December 2010

It is a pleasure to present to the membership the annual Report for 2010 that shows a small positive result for the year's trading.

I became president at the AGM in May 2010 and have had the pleasure of working with a board that is committed to the survival of the club and to provide improvements in the facilities and amenities for our members. That can only be accomplished if we are financially stable and profitable and as the results in this annual report show the board has been working to achieve that situation. It should be noted that the revenue in 2010 was only 60% of a few years ago when we made a loss in excess of \$600,000.

We are some way from the secure position we would like but we have the confidence that we can achieve that state and have commenced the planning for the upgrading of various aspects of the fabric of the club building and the fit-out.

We are endeavouring to ensure that we take the most appropriate future direction by developing a rolling five-year strategic plan. The first stage of that development was the member and non-member focus groups last year followed by the telephone survey. More work is underway and we will advise the membership as significant stages are reached.

I thank the Directors for their support to the club and myself since my election.

I appreciate the efforts of our General Manager Jeff Vidler to carry out the directives of the board. I thank all of the club's staff for their service to the membership throughout the year.



Ian Henderson  
President

# GENERAL MANAGERS REPORT

ABN 15 000 613 785  
as at 31 December 2010

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The 2010 financial year has proven to be another tough year for the Registered Club industry with the introduction of the Modern Award. Despite this the Club achieved a significant improvement in profitability. I would like to thank the Members for their continued support of the Club and hope we have an even better 2011.

In conjunction with the Board we have worked consistently to turn the Club's financial position around which is evident in the supporting figures. At the time of going to print the Board are looking to doing minor renovations on the ground floor with an aim to updating its appearance and appeal.

During the year the Club underwent an audit from the Office of Liquor, Gaming and Racing as part of the department's regional audit program. The audit indicated that the Club is meeting its legal requirements and will ensure that we have an on-going compliance regime to steer us through further audits.

With the upcoming State elections it is hard to judge what impact both State and Federal governments will have on the future of the Hospitality Industry.

I wish to thank the Board for their support during 2010. Furthermore I would like to thank my staff for all their help throughout the year. I look forward to building on the gains we have made for 2010 in 2011.



Jeff Vidler  
General Manager

# **Financial Statements For the Year Ended 31 December 2010**

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# DIRECTORS' REPORT

ABN 15 000 613 785  
as at 31 December 2010

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

## General information

### Directors

The names of each person who has been a director during the year and to the date of this report are:

<b>Names</b>	<b>Appointed/Resigned</b>
I. Henderson	Appointed May 2010
D.J. Lopez	Resigned May 2010
W. Cope	Reappointed November 2010
R. Maul	
K.S Mahon	Retired October 2010
S. Hughes	
C. Gowen	
E. Arigho	
M. Crosbie	Appointed May 2010

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

### Company Secretary

Jeffrey Vidler was appointed Club Secretary on 1 August 2009. Jeffrey has been an employee of the Club for 17 years, including 6 years as the Club's Operations Manager. He was appointed Acting General Manager in March 2009. Jeffrey has completed a Club Secretary Manager course approved by the Club Managers Association of Australia (CMA). He has been a Director of the Chester Hill RSL and Bowling Club since 2005.

### Principal Activities

The principal activities of the group during the financial year were those of a licensed club, providing:

- Social facilities; and
- Food, beverage, entertainment, event and gaming facilities.

The entity's short term objectives are to:

- Provide best possible hospitality services to members and to the local community; and
- Ensure ongoing profitability of the company to secure its financial future.

The entity's long term objectives are to:

- Ensure that the Club remains a viable financial concern in the future so that it can continue to exercise its primary objectives as enumerated in the Club's Constitution.

**DIRECTORS' REPORT**

ABN 15 000 613 785  
as at 31 December 2010

To achieve these objectives, the entity has adopted the following strategies:

- Ensure Club policies are appropriate;
- Ensure professional management;
- Ensure proficient and cost effective operation of the Club;
- Always endeavour to attract or retain excellent hospitality staff; and
- Always endeavour to satisfy or exceed member's expectations for all services and facilities provided by the Club.

**Operating Results**

The Club earned an operating profit of \$520,313 (2009: \$290,000) before depreciation expense of \$419,456 (2009: \$470,427) and finance costs of \$94,678 (2009: \$157,405)

**Dividends paid or declared**

The Club is precluded from paying dividends to its members and as such, no dividend has been paid or recommended during or since the financial year.

**Director Information****Information on Directors**

	<b>Occupation/ Qualifications</b>	<b>Position/Special Responsibilities</b>	<b>Experience</b>
I. Henderson	Retired General Manager of a construction company	President	6
D.J. Lopez	Councillor	Director	32
W. Cope	Photo Journalist	Director	2
R. Maul	Company Secretary of an educational and training institution	Treasurer	3
K.S Mahon	Licensed Real Estate Agent	President/ Director	21
S. Hughes	Retired Nursing Sister	Director	3
C. Gowen	Marketing Manager	Director	3
E. Arigho	Taxi Driver	Director/ Vice President	3
M. Crosbie	Retired Newspaper Executive	Director	3

# DIRECTORS' REPORT

ABN 15 000 613 785  
as at 31 December 2010

## Meetings of Directors

During the financial year, 15 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Extraordinary Meetings	
	Eligible to attend	Number attended	Eligible to attend	Number attended
I. Henderson	7	7	3	3
D.J. Lopez	5	2	-	-
W. Cope	7	7	-	-
R. Maul	12	11	3	3
K.S Mahon	10	7	2	2
S. Hughes	12	10	3	3
C. Gowen	12	11	3	2
E. Arigho	12	12	3	3
M. Crosbie	7	6	3	3

## Indemnifying Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Club.

## Proceedings on Behalf of Company

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

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

## Significant Changes in State of Affairs

No significant changes in the Club's state of affairs occurred during the financial year.

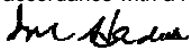
## After balance day events

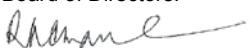
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in future financial years.

## Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out at page 10.

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

Director:   
Ian Henderson

Director:   
R. Maul

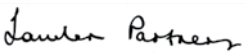
Dated this 22nd day of March 2011

**Mosman Returned Servicemen's  
Club Limited**  
ABN 15 000 613 785

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

I declare that, to the best of my knowledge and belief, during the year ended 31 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.



LAWLER PARTNERS  
Chartered Accountants



CLAYTON HICKEY  
Partner

Dated this 22nd day of March 2011

Sydney

**Mosman Returned  
Servicemen's Club Limited**

ABN 15 000 613 785

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**Statement of Comprehensive Income  
For the Year Ended 31 December 2010**

	Note	2010 \$	2009 \$
Revenue	2	<b>4,636,802</b>	4,949,038
Other income	2	<b>18,636</b>	11,073
Cost of sales	3	<b>(723,194)</b>	(848,362)
Advertising, promotions and prizes		<b>(123,565)</b>	(205,519)
Bank charges		<b>(31,966)</b>	(34,101)
Computer expenses		<b>(16,966)</b>	(15,668)
Consulting and professional fees		<b>(115,091)</b>	(138,638)
Cleaning		<b>(227,721)</b>	(240,244)
Members benefits		<b>(44,205)</b>	(9,463)
Poker machine rental		<b>(149,527)</b>	(117,931)
Printing and stationery		<b>(23,896)</b>	(39,039)
Security		<b>(71,770)</b>	(68,251)
Telephone and fax		<b>(13,402)</b>	(15,648)
Employee benefits expense		<b>(1,466,419)</b>	(1,719,381)
Finance costs	3	<b>(94,678)</b>	(157,405)
Depreciation	3	<b>(419,456)</b>	(470,427)
Entertainment		<b>(95,583)</b>	(70,403)
Insurance		<b>(31,210)</b>	(42,567)
Poker machine duty		<b>(497,512)</b>	(568,480)
Rates and utilities		<b>(187,365)</b>	(189,562)
Repairs and maintenance		<b>(103,709)</b>	(113,847)
Community development and support expenditure		<b>(72,502)</b>	(69,144)
TAB expenses		<b>(58,848)</b>	(74,697)
Other expenses		<b>(80,674)</b>	(89,166)
<b>Profit before income tax</b>		<b>6,179</b>	(337,832)
Income tax expense	5	<b>(3,310)</b>	-
<b>Profit from continuing operations</b>		<b>2,869</b>	(337,832)
<b>Other comprehensive income</b>			
Fair value gain on revaluation	11(a)	<b>30,638</b>	-
<b>Total comprehensive income for the period</b>		<b>33,507</b>	(337,832)

*The accompanying notes form part of these financial statements*

MOSMAN RETURNED SERVICEMEN'S CLUB LIMITED

**Mosman Returned  
Servicemen's Club Limited**

ABN 15 000 613 785

**Balance Sheet 31 December 2010**

	Note	2010 \$	2009 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	<b>169,335</b>	161,777
Trade and other receivables	7	<b>3,494</b>	1,364
Inventories	8	<b>93,516</b>	96,654
Other assets	10	<b>27,572</b>	11,277
<b>TOTAL CURRENT ASSETS</b>		<b>293,917</b>	271,072
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	<b>11,773,097</b>	12,058,081
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11,773,097</b>	12,058,081
<b>TOTAL ASSETS</b>		<b>12,067,014</b>	12,329,153
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	<b>369,849</b>	402,904
Borrowings	13	<b>1,792,502</b>	1,941,060
Short-term provisions	14	<b>173,126</b>	186,106
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,335,477</b>	2,530,070
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	<b>64,771</b>	169,134
Deferred tax liabilities	9	<b>793,511</b>	773,531
Other long-term provisions	14	<b>21,709</b>	21,709
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>879,991</b>	964,374
<b>TOTAL LIABILITIES</b>		<b>3,215,468</b>	3,494,444
<b>NET ASSETS</b>		<b>8,851,546</b>	8,834,709
<b>EQUITY</b>			
Reserves	15	<b>5,983,325</b>	5,969,357
Retained earnings		<b>2,868,221</b>	2,865,352
<b>TOTAL EQUITY</b>		<b>8,851,546</b>	8,834,709

*The accompanying notes form part of these financial statements*

MOSMAN RETURNED SERVICEMEN'S CLUB LIMITED

**Mosman Returned  
Servicemen's Club Limited**

ABN 15 000 613 785

**Statement of Changes in Equity  
For the Year Ended 31 December 2010**

<b>2010</b>	<b>Retained Earnings \$</b>	<b>Asset Revaluation Reserve \$</b>	<b>Total \$</b>
Balance at 1 January 2010	2,865,352	5,969,357	8,834,709
Profit/(loss) after tax	2,869	-	2,869
Gain/(loss) on revaluation	-	30,638	30,638
Movement in deferred tax liability	-	(16,670)	(16,670)
<b>Balance at 31 December 2010</b>	<b>2,868,221</b>	<b>5,983,325</b>	<b>8,851,546</b>

<b>2009</b>	<b>Retained Earnings \$</b>	<b>Asset Revaluation Reserve \$</b>	<b>Total \$</b>
Balance at 1 January 2009	3,203,184	5,940,379	9,143,563
Profit/(loss) after tax.	(337,832)	-	(337,832)
Movement in deferred tax liability	-	28,978	28,978
<b>Balance at 31 December 2009</b>	<b>2,865,352</b>	<b>5,969,357</b>	<b>8,834,709</b>

**Mosman Returned  
Servicemen's Club Limited**

ABN 15 000 613 785

**Cash Flow Statement  
For the Year Ending 31 December 2010**

	Note	2010 \$	2009 \$
<b>Cash from operating activities:</b>			
Receipts from members and customers		4,814,019	5,496,304
Payments to suppliers and employees		(4,355,664)	(5,174,727)
Interest received		636	2,073
Finance costs		(94,678)	(157,405)
Income taxes refunded		-	14,185
<b>Net cash provided by (used in) operating activities</b>	19(b)	<b>364,313</b>	<b>180,430</b>
<b>Cash flows from investing activities:</b>			
Purchase of plant and equipment		(103,834)	(63,360)
<b>Net cash provided by (used in) investing activities</b>		<b>(103,834)</b>	<b>(63,360)</b>
<b>Cash flows from financing activities:</b>			
Payment of finance lease liabilities		(109,832)	(117,163)
<b>Net cash provided by (used in) financing activities</b>		<b>(109,832)</b>	<b>(117,163)</b>
Other activities:			
<b>Net increase (decreases) in cash held</b>		<b>150,647</b>	<b>(93)</b>
Cash at beginning of financial year		(16,188)	(16,095)
Cash at end of financial year	19(a)	<b>134,459</b>	<b>(16,188)</b>

*The accompanying notes form part of these financial statements*

MOSMAN RETURNED SERVICEMEN'S CLUB LIMITED

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**Mosman Returned  
Servicemen's Club Limited**

ABN 15 000 613 785

**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

**Note 1 Summary of Significant Accounting Policies**

The financial statements are for Mosman Returned Servicemen's Club Limited (RDR-reporting) as an individual entity, incorporated and domiciled in Australia. Mosman Returned Servicemen's Club Limited (RDR-reporting) is a company limited by guarantee.

**Basis of Preparation**

Mosman Returned Servicemen's Club Limited (RDR-reporting) Limited has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: 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 Australian Accounting Standards — Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected noncurrent assets, financial assets and financial liabilities.

**Accounting Policies**

**(a) Going Concern**

The accompanying financial report have been prepared assuming that the Club will continue to operate as a going concern. The Club has a working capital deficiency of \$2,041,560 as at 31 December 2010.

The Club requires the continuous support from Mosman ANZAC Memorial Hall Trust in respect of the existing secured loan facility. Management of the Club believe the repayment of the secured loan of \$1,650,000 will not be required within the next twelve months. However there is no assurance of this as both mortgagor and mortgagee have a right to reduce the secured loan by repayment with one month's notice.

**Mosman Returned  
Servicemen's Club Limited**

ABN 15 000 613 785

**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

**Note 1 Summary of Significant Accounting Policies (Cont'd)**

These matters raise doubt about the Club's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. While the financial statements have been prepared on the basis of accounting principles applicable to a going concern, several conditions and events as stated above cast doubt upon the validity of this assumption.

**(b) Income Tax**

The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from nonmembers and from outside entities. The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**(c) Inventories**

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

**(d) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

**Note 1 Summary of Significant Accounting Policies (Cont'd)**

**Property**

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of comprehensive income.

**(d) Property, Plant and Equipment (Cont'd.)**

As the revalued buildings are depreciated, the difference between depreciation recognised in the statement of comprehensive income, which is based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost, is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

**Plant and equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of 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 that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**Mosman Returned  
Servicemen's Club Limited**

ABN 15 000 613 785

**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

**Note 1 Summary of Significant Accounting Policies (Cont'd)**

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

**Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Club commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

**Class of Fixed Asset**

Buildings	2.5%
Plant and Equipment	7.5 - 27%
Leased plant and equipment	20%
Motor Vehicles	12.5%

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

**(d) Property, Plant and Equipment (Cont'd.)**

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 or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**(e) Impairment of Assets**

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

**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

**Note 1 Summary of Significant Accounting Policies (Cont'd)**

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Club would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined on the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Club estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

**(f) Leases**

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

**(g) Financial Instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Club commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

# Mosman Returned Servicemen's Club Limited

ABN 15 000 613 785

## Notes to the Financial Statements For the Year Ending 31 December 2010

### Note 1 Summary of Significant Accounting Policies (Cont'd)

#### (g) Financial Instruments (Cont'd.)

##### **Classification and subsequent measurement**

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost is calculated as:*

- the amount in which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Club does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

##### *(i) Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

**Note 1 Summary of Significant Accounting Policies (Cont'd)**

*(ii) 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 .

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Club's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

**(g) Financial Instruments (Cont'd.)**

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**Impairment**

At each reporting date, the Club assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**Mosman Returned  
Servicemen's Club Limited**

ABN 15 000 613 785

**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

**Note 1 Summary of Significant Accounting Policies (Cont'd)**

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

**(h) Revenue and Other Income**

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Membership subscriptions income is recognised as income in the year to which it relates. Revenue from the rendering of services 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).

**(i) 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.

**(j) Employee Benefits**

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to Balance Sheet date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the net present value.

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

**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

**Note 1 Summary of Significant Accounting Policies (Cont'd)**

**(k) Provisions**

Provisions are recognised when the Club has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

**(l) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(m) Comparative Figures**

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

When the Club applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

**n) 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 based on current trends and economic data, obtained both externally and within the Club.

*Key estimates - Impairment*

The Club assesses impairment at each reporting date by evaluating conditions specific to the Club that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

**Mosman Returned  
Servicemen's Club Limited**

ABN 15 000 613 785

**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

	2010	2009
	\$	\$
<b>Note 2 Revenue</b>		
<b>Operating activities</b>		
- Sales of goods Bar	1,134,139	1,225,912
- Sale of goods Food	43,669	142,092
- Poker machine revenue	3,061,245	3,185,960
- Commissions received	90,808	82,912
- Poker, raffles and promotion revenue	135,229	129,332
- Hire of auditorium	89,435	67,554
- Sundry income	54,408	51,557
- Member subscriptions	27,869	63,719
	<b>4,636,802</b>	<b>4,949,038</b>
<b>Other revenue</b>		
- Interest income	636	2,073
- Rental income	18,000	9,000
	<b>18,636</b>	<b>11,073</b>
<b>Note 3 Profit for the Year</b>		
Profit has been determined after the following specific expenses:		
Cost of sales	723,194	848,362
Finance costs	94,678	157,405
Depreciation	419,456	470,427
	<b>1,237,328</b>	<b>1,476,194</b>
<b>Note 4 Auditors' Remuneration</b>		
Remuneration of the auditor of the Club for:		
- Auditing the financial report	33,400	29,500
- Taxation services	2,668	3,025
	<b>36,068</b>	<b>32,525</b>

**Mosman Returned  
Servicemen's Club Limited**

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**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

	2010 \$	2009 \$
<b>Note 5 Income tax expense</b>		
<b>(a) The components of tax expense comprise:</b>		
Deferred tax charge / (credit)	3,310	-
	3,310	-
<b>(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:</b>		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2009: 30%)	11,045	(101,326)
Add/(less):		
- Net income and expenditure items relating to member activity	1,211	157,896
- Tax effect of revaluation	3,310	-
- Overprovision of income tax in prior year	24,921	-
- Tax losses not brought to account in the current year	(37,177)	(56,570)
	3,310	-

The Income Tax Assessment Act 1997 (amended) provides that under the concept of mutuality, Clubs are only liable for income derived from nonmembers 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 6 Cash and Cash Equivalents**

Cash on hand	148,087	135,512
Cash at bank	4,982	10,602
Short-term bank deposits	16,266	15,663
	169,335	161,777

**Note 7 Trade and other receivables**

**CURRENT**

Trade receivables	3,494	1,364
Total current trade and other receivables	3,494	1,364

**Mosman Returned  
Servicemen's Club Limited**

ABN 15 000 613 785

**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

	2010	2009
	\$	\$
<b>Note 8 Inventories</b>		
CURRENT		
At Cost		
Liquor stock	80,558	83,825
Uniform and merchandise stock	5,824	5,695
Catering stock	7,134	7,134
	93,516	96,654

**Note 9 Tax**

**a) Deferred Tax Assets & Liabilities that have been  
recognised directly to equity**

NONCURRENT

Deferred tax liabilities	793,511	773,531
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**b) Deferred Tax Asset & Liability not brought to account**

**Deferred Tax Assets**

Tax losses at 30% (2009 at 30%)	248,036	235,780
Timing differences at 30% (2009 at 30%)	28,534	29,184
Short-term bank deposits	276,570	264,964

**Deferred Tax Liabilities**

Timing differences at 30% (2009 at 30%)	1,321	732
	1,321	732

Deferred tax assets in relation to the carried forward losses and temporary differences have not been recognised as it is not probable that future taxable amounts will be available to utilise those amounts.

**Note 10 Other Assets**

CURRENT

Prepayments	27,572	10,527
Other assets	-	750
	27,572	11,277

**Mosman Returned  
Servicemen's Club Limited**

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**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

**Note 11 Property, Plant and Equipment**

**Independent valuation of land and buildings**

An independent valuation of freehold land and buildings situated at 719 Military Road, Mosman NSW was undertaken on 22 March 2010. The independent valuation was carried out by Nicholas Brady Valuations. The valuation of freehold land and buildings was based on the assessment of their current fair value. The fair values determined in accordance with AASB116: Property, Plant and Equipment for freehold land was \$3,660,000 and for buildings was \$7,500,000 resulting in an increase in value of \$30,638 which has been recognised as other comprehensive income in the Statement of Comprehensive Income.

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>LAND AND BUILDINGS</b>		
Freehold land		
At independent valuation	<b>3,660,000</b>	3,660,000
	<b>3,660,000</b>	3,660,000
Buildings		
At independent valuation	<b>7,517,570</b>	7,740,000
Improvements at cost	-	106,379
Accumulated depreciation	<b>(117,292)</b>	(352,611)
	<b>7,400,278</b>	7,493,768
<b>Total land and buildings</b>	<b>11,060,278</b>	11,153,768
<b>PLANT AND EQUIPMENT</b>		
Plant and equipment		
At cost	<b>6,027,522</b>	5,944,867
Accumulated depreciation	<b>(5,549,491)</b>	(5,345,592)
	<b>478,031</b>	599,275
Leased plant and equipment		
Under lease	<b>585,399</b>	585,399
Accumulated depreciation	<b>(350,611)</b>	(280,361)
	<b>234,788</b>	305,038
<b>Total plant and equipment</b>	<b>712,819</b>	904,313
<b>Total property, plant and equipment</b>	<b>11,773,097</b>	12,058,081

# Mosman Returned Servicemen's Club Limited

ABN 15 000 613 785

## Notes to the Financial Statements For the Year Ending 31 December 2010

### Note 11 Property, Plant and Equipment (Cont'd.)

Pursuant to Section 41J of the Registered Clubs Act 1976 ("the Act"), the Board has approved the classification of the following property as core or non-core as defined by the Act:

Core property: Specified as the land and buildings situated at 719 Military Road, Mosman. They are classified as property, plant and equipment in the balance sheet.

Non-Core property: The Club does not hold non-core property.

#### (a) Movements in Carrying Amounts

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

	Freehold Buildings Land \$	\$ Equipment	Plant and Equipment \$	Leased Assets \$	Total \$
<b>Balance at 31 December 2010</b>					
Balance at the beginning of year	3,660,000	7,493,768	599,275	305,038	12,058,081
Additions	-	21,179	82,655	-	103,834
Depreciation expense	-	(145,307)	(203,899)	(70,250)	(419,456)
Revaluation increase	-	30,638	-	-	30,638
Carrying amount at the end of 31 December 2010	<b>3,660,000</b>	<b>7,400,278</b>	<b>478,031</b>	<b>234,788</b>	<b>11,773,097</b>
<b>Balance at 31 December 2009</b>					
Balance at the beginning of year	3,660,000	7,634,664	805,329	365,155	12,465,148
Additions	-	5,500	57,860	-	63,360
Depreciation expense	-	(146,396)	(263,914)	(60,117)	(470,427)
Carrying amount at the end of	<b>3,660,000</b>	<b>7,493,768</b>	<b>599,275</b>	<b>305,038</b>	<b>12,058,081</b>

**Mosman Returned  
Servicemen's Club Limited**

ABN 15 000 613 785

**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

	2010	2009
	\$	\$
<b>Note 12 Trade and other payables</b>		
CURRENT		
Unsecured liabilities		
Trade payables	<b>87,962</b>	98,024
Memberships in advance	<b>32,790</b>	30,799
Other creditors and accruals	<b>249,097</b>	274,081
	<b>369,849</b>	402,904

**Note 13 Borrowings**

CURRENT		
Secured liabilities		
Bank overdraft	<b>34,876</b>	177,965
Finance lease obligation	<b>107,626</b>	113,095
Loan from ANZAC memorial trust	<b>1,650,000</b>	1,650,000
	<b>1,792,502</b>	1,941,060
NONCURRENT		
Secured liabilities		
Finance lease obligation	<b>64,771</b>	169,134
	<b>64,771</b>	169,134

- (a) The loan from Mosman ANZAC Memorial Hall Trust is secured by a first registered mortgage over 719-729 Military Road, Mosman NSW 2088.
- (b) Hire purchase liabilities are effectively secured as the rights to the financed assets recognised in the financial statement revert to the financier in the event of default.

**Mosman Returned  
Servicemen's Club Limited**

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**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

**Note 14 Provisions**

**(a) Movement in carrying amounts**

	Annual Leave \$	Long Service Leave \$	Rostered Day Off \$	Total \$
Opening balance at 1 January 2010	132,430	72,129	3,256	207,815
Additional provisions	14,643	7,293	4,284	26,220
Amounts used	(24,462)	(8,623)	(6,115)	(39,200)
Balance at 31 December 2010	<u>122,611</u>	<u>70,799</u>	<u>1,425</u>	<u>194,835</u>

**(b) Analysis of Total Provisions**

	2010 \$	2009 \$
Current	173,126	186,106
Non-current	21,709	21,709
	<u>194,835</u>	<u>207,815</u>

**Provision for Short-Term Employee Entitlements**

A provision has been recognised for employee benefits relating to long service leave. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

**Provision for Long-Term Employee Entitlements**

A provision has been recognised for employee benefits relating to annual leave and rostered day off. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

**Note 15 Reserves**

**Asset Revaluation Reserve**

The asset revaluation reserve records revaluations of non-current assets.

**Mosman Returned  
Servicemen's Club Limited**

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**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

	2010	2009
	\$	\$
<b>Note 16 Capital and Leasing Commitments</b>		
<b>(a) Hire Purchase and Finance Lease Commitments</b>		
Payable - minimum lease payments:		
- not later than 12 months	116,999	132,152
- between 12 months and 5 years	68,785	181,739
Minimum lease payments	185,784	313,891
Less future finance changes	(13,387)	(31,662)
Present value of minimum lease payments	172,397	282,229

**(b) Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable - minimum lease payments:

- not later than 12 months	-	42,653
	-	42,653

**Note 17 Financial Risk Management**

The Club's financial instruments consist mainly of cash on hand and deposits with banks, accounts receivable and payable, borrowings and hire purchase and finance leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2010	2009
		\$	\$
<b>Financial assets</b>			
Cash and cash equivalents	6	169,335	161,777
Trade receivables	7	3,494	1,364
Other assets	10	27,572	11,277
<b>Total financial assets</b>		200,401	174,418
<b>Financial liabilities</b>			
Financial liabilities at amortised cost:			
- trade and other payables	12	369,849	402,904
- borrowings	13	1,857,273	2,110,194
<b>Total financial liabilities</b>		2,227,122	2,513,098

# Mosman Returned Servicemen's Club Limited

ABN 15 000 613 785

## Notes to the Financial Statements For the Year Ending 31 December 2010

### Note 18 Contingent Liabilities

#### (a) Mortality Scheme

The Club operates a Mortality Scheme which provides a mortality payment of \$200 on behalf of certain members. The current class of membership entitled to make such applications under the scheme is all members registered prior to 28 August 1965.

The total number of eligible members as at 31 December 2010 was 5 (2009:9). The estimated maximum liability as at 31 December 2010 is \$1,000 (2009: \$1,800).

#### (b) Security Deposit

The Club has a security deposit of \$5,000 held with the Commonwealth Bank of Australia with respect to their TAB Limited account

	2010	2009
	\$	\$

### Note 19 Cash Flow Information

#### (a) Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	169,335	161,777
Bank overdraft	(34,876)	(177,965)
	134,459	(16,188)

#### (b) Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit before tax	6,179	(337,832)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Depreciation	419,456	470,427
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	(2,130)	18,343
(Increase)/decrease in inventories	3,138	3,482
(Increase)/decrease in other assets	(16,295)	(858)
Increase/(decrease) in trade payables and accruals	(33,055)	16,857
Increase/(decrease) in provisions	(12,980)	(4,174)
(Increase)/decrease in current tax payable	-	14,185
	364,313	180,430

**Mosman Returned  
Servicemen's Club Limited**

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**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

**Note 20 Key Management Personnel Compensation**

**(a) Key Management Personnel**

<b>Name</b>	<b>Position</b>
I. Henderson	President
D.J. Lopez	Director
W. Cope	Director
R. Maul	Treasurer
K.S Mahon	Director
S. Hughes	Director
C. Gowen	Director
E. Arigho	Vice President
M. Crosbie	Director
J. Vidler	General Manager
L. Gomes	Financial Controller
L. Ballard	Functions Manager

**(b) Key Management Personnel Compensation**

	<b>Salary &amp; Honorariums \$</b>	<b>Allowances \$</b>	<b>Superannuation \$</b>	<b>Total \$</b>
<b>2010</b>				
Total Compensation	<b>242,545</b>	<b>9,028</b>	<b>18,972</b>	<b>270,545</b>
<b>2009</b>				
Total Compensation	220,792	7,137	15,026	242,955

**Mosman Returned  
Servicemen's Club Limited**

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**Notes to the Financial Statements  
For the Year Ending 31 December 2010**

**Note 21 Related party transactions**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**Payment of Salaries and Wages to Related Parties of the Directors**

	Salaries and Wages \$	Superannuation \$	Total \$
Mike Herford (related Director Mr. K Mahon)	23,006	1,930	24,936
Scott Herford (related Director Mr. K Mahon)	17,565	1,443	19,008
Robert Lopez (related Director Mr. D Lopez)	13,350	531	13,881
	<hr/> <b>53,921</b>	<b>3,904</b>	<b>57,825</b>

**Note 22 Events After the Balance Sheet Date**

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

**Note 23 Members' Guarantee**

The Club is limited by guarantee. If the Club is wound up, the Constitution states that each member is required to contribute a maximum of \$2. At 31 December 2010 the number of members was 6,730 (2009:7,683).

**Note 24 Club Details**

The registered office of the company is:  
Mosman Returned Servicemen's Club Limited  
719-729 Military Road  
Mosman NSW 2088

**Mosman Returned  
Servicemen's Club Limited**  
ABN 15 000 613 785  
**Directors' Declaration**

The Directors of the entity declare that:

1. The financial statements and notes, as set out on pages 11 to 34, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 31 December 2010 and of the performance for the year ended on that date of the entity.
  
2. In the Directors' opinion, there are reasonable grounds to believe that the entity 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.



Director .....  
Ian Henderson



Director .....  
Robert Maul

Dated this 22nd day of March 2011

## Mosman Returned Servicemen's Club Limited

ABN 15 000 613 785

### Independent Audit Report to the members of Mosman Returned Servicemen's Club Limited

#### Report on the Financial Report

We have audited the accompanying financial report of Mosman Returned Servicemen's Club Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the Club and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility for the Financial Report

The directors of the Club are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes: designing, implementing 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.

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Club'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.

Lawler Partners Audit & Assurance (a Limited Partnership) ABN 91 850 861 839	Sydney Level 9, 1 O'Connell Street Sydney NSW 2000 Australia GPO Box 5446 Sydney NSW 2001	Newcastle 763 Hunter Street Newcastle West NSW 2302 Australia PO Box 2368 Dangar NSW 2309	INDEPENDENT/MEMBER OF <b>POLARIS</b> INTERNATIONAL
www.lawlerpartners.com.au	telephone 02 8346 6000 facsimile 02 8346 6099 info@lawlerpartners.com	telephone 02 4962 2688 facsimile 02 4962 3245 DX 4303 mail@lawlerpartners.com.au	30 Liability limited by a scheme approved under Professional Standards Legislation

## Mosman Returned Servicemen's Club Limited

ABN 15 000 613 785

### Independent Audit Report to the members of Mosman Returned Servicemen's Club Limited

#### 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 Mosman Returned Servicemen's Club Limited on 22 March 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

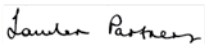
#### Auditor's Opinion

In our opinion the financial report of Mosman Returned Servicemen's Club Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Club's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

#### Emphasis of Matter Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. The Club currently has a working capital deficiency of \$2,041,560 for the year ended 31 December 2010. The Club has received support from the Mosman ANZAC Memorial Hall Trust with the deferment of repayment beyond the terms of the loan in prior years. This continued support is pivotal to the Club in proceeding with its operations and its ability to continue as a Going Concern.



**LAWLER PARTNERS**  
Chartered Accountants



**CLAYTON HICKEY**  
Partner

Dated this 22nd day of March 2011  
Sydney

<p>Lawler Partners Audit &amp; Assurance (a Limited Partnership) ABN 91 850 861 839</p> <p>www.lawlerpartners.com.au</p>	<p>Sydney Level 9, 1 O'Connell Street Sydney NSW 2000 Australia GPO Box 5446 Sydney NSW 2001</p> <p>telephone 02 8346 6000 facsimile 02 8346 6099</p> <p>info@lawlerpartners.com</p>	<p>Newcastle 763 Hunter Street Newcastle West NSW 2302 Australia PO Box 2368 Dangar NSW 2309</p> <p>telephone 02 4962 2688 facsimile 02 4962 3245 DX 4303</p> <p>mail@lawlerpartners.com.au</p>	<p>INDEPENDENT MEMBER OF <b>POLARIS</b> INTERNATIONAL</p> <p>30</p> <p>Liability limited by a scheme approved under Professional Standards Legislation</p>
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**Mosman Returned  
Servicemen's Club Limited**  
ABN 15 000 613 785  
**Break Down Other Expenses**

**QUESTIONS RELATING TO ACCOUNTS**

The Auditors would appreciate that all questions relating to the accounts be made in writing 10 days prior to the AGM to allow them time to prepare answers to any questions. Notwithstanding questions relating to accounts can be asked from the floor at the AGM.

**Mosman RSC 2010** **2010** **2009**  
**Other expense reconciliation**

	<b>2010</b>	<b>2009</b>
1-2300 Dishonoured Cheques	50.00	80.00
5-7600 Poker Overs/Unders	-76.00	81.00
6-3300 Linen Hire	0.00	1,431.00
6-7400 Poker Stationary	0.00	115.00
6-7500 Poker Equipment	131.00	277.00
6-8145 Staff Amenities	578.00	256.00
6-8210 Directors Fees	10,530.00	3,939.00
6-8220 Directors Allowances	41.00	158.00
6-8230 Directors Other Expenses	3,686.00	2,635.00
6-8415 Late Fees Paid	0.00	41.00
6-8421 Annual Report	2,915.00	5,000.00
6-8431 Affiliation, license, permit fee	14,243.00	15,069.00
6-8470 Taxies & Couriers	106.00	843.00
6-8491 Subscriptions & Memberships	6,391.00	6,070.00
6-8492 First Aid	0.00	4.00
6-8515 Pest Control	3,000.00	3,048.00
6-8570 Air Conditioning	27,348.00	14,934.00
6-8580 Fish Tank	0.00	2,034.00
6-8590 Gardening	1,234.00	713.00
6-8915 Regulatory Fees	527.00	0.00
6-8920 General Expenses	205.00	11,777.00
6-8925 Motor Vehicle Expenses	4,716.00	4,180.00
6-8930 ATM Rental Fees	1,213.00	1,343.00
6-8940 Donations	1,562.00	604.00
6-8980 Bad Debts	0.00	14,534.00
6-8990 Suspense Account	2,274.00	0.00
<b>TOTAL</b>	<b>80,674.00</b>	<b>89,166.00</b>

<b>REGISTERED OFFICE</b>	719-729 MILITARY ROAD MOSMAN NSW 2088
<b>TELEPHONE</b>	(02) 9960 2888
<b>FACSIMILE</b>	(02) 9968 1462
<b>WEBSITE</b>	<a href="http://www.mosmanclub.com.au">www.mosmanclub.com.au</a>
<b>EMAIL</b>	<a href="mailto:administration@mosmanclub.com.au">administration@mosmanclub.com.au</a>
<b>BOARD OF DIRECTORS</b>	
<b>PRESIDENT</b>	IAN HENDERSON
<b>VICE PRESIDENT</b>	EDWARD ARIGHO
<b>PRESIDENT/DIRECTOR</b>	KERRY STEPHEN MAHON
<b>DIRECTOR</b>	DOMINIC JOSEPH LOPEZ OAM
<b>DIRECTOR</b>	CATHERINE GOWAN
<b>DIRECTOR</b>	SHEILIA HUGHES
<b>DIRECTOR</b>	MICHAEL CROSBIE
<b>DIRECTOR</b>	WILLIAM COPE
<b>TREASURER</b>	ROBERT MAUL
<b>GENERAL MANAGER</b>	JEFFREY VIDLER
<b>ACCOUNTANT</b>	TROY O'KEEFE
<b>AUDITORS</b>	LAWLER PARTNERS, CHARTERED ACCOUNTANT
<b>BANKERS</b>	COMMONWEALTH BANK OF AUSTRALIA MOSMAN NSW 2088

# NOTES PAGE





**MOSMAN**  
RETURNED SERVICEMEN'S  
**CLUB** LIMITED  
ABN 15 000 613 785

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