

The Wonthaggi Club

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2010

Annual Report

PRESIDENTS REPORT 30th JUNE 2010

It is pleasing to be able to present to you, on behalf of the Board, the Annual Report and Statement of Finances for the year ending June 30, 2010. This is the Club's 100th year of operation.

The Club's financial state has once again been solid and shows an audited surplus of \$17,532 after tax, a healthy result considering the changes to management in October. Julian was offered and accepted an appointment as the CEO of Moore Park Golf Course (PGA Links) after 10 years of managing this Club, leaving us under the direction of Alan Smith until the recruitment process had been completed. Nathan Davis also left to take up a senior management position at the Traralgon Bowls Club. The Boards' final decision to fill the Secretary-Manager's position was to employ Steve Curtis who came with a wealth of experience and, of course, credentials. Steve commenced his employment in early November and his influence throughout the Club has become obvious, especially in the live entertainment area.

We also welcomed Michael Donnelly in October to our staff as Head Chef and he has also made, with his strong leadership, significant and welcome changes to the operation of the Catering Department.

The year has certainly been challenging for the Board and Management with regard to the bidding for gaming machine entitlements. Both Steve Curtis and Alan Smith were authorized to bid on behalf of the Club, resulting in an extremely successful outcome. This has opened the way for future expansion and the Board and Management have begun examining future strategies and planning for the next 10 years.

At present, the current membership is:

• Gold	607
• Silver	500
• Blue	105
A total of	1222

Sadly we said our farewells to the following gold members: Kitchener Franceswilliams, John Demo (45 Years), Denis Robinson (40 Years), Ray Tucker, Pearl Cooney, Mathew Beckerleg, and Phil Bond.

It would be remiss of me not to repeat my thoughts of Kit as we remember him for the contributions he gave this Club. He is sadly missed.

“We remember his infectious and sometimes devilish humour, his enquiring mind, all enhanced by a true belief in whatever he did.”

To all those who have lost loved ones in the past year we offer our sincere condolences.

Membership nominations to the Wonfund resulted in local non-profit organisations received donations of \$ 47,826 (Phillip Island F.C \$22,500) while not including the ad hoc donations made by the Board at various times for one-off requests. Once again the funds were distributed with recipients encouraged to attend a presentation evening, creating a friendly link between the Club and those not-for-profit clubs who benefit from our members' nominations.

This Club always takes great pleasure in supporting the community, aiming to be the hub of community activities by way of providing not only financial assistance but also offering its facilities to local groups and clubs.

There are always functions that have stood alone on the annual club calendar as far as popularity and patronage go. They are, of course the Annual Ball, the Club "picnic day" at Woolamai Races, Ladies Oaks Day and Cup Day tied in with the 6 Ounce Lunch. However, it is fair to say that the continuance of the live entertainment, especially with local bands, has been a positive and highly successful venture thanks once again to Steve and his team.

The 100 Club continues to thrive under Murray Oehms as he ensures that every member of that club is financial rather than in arrears and again the surplus funds were dispersed with a great deal of fun and frivolity at a gala night.

Finally it's time for me to move on. I gave notice of my intention to retire to the Board in July 2009 and that time is here. Now there will be no returning as I confidently leave a great team of Board members and management who work together as a very cohesive group. I have enjoyed my time serving the Club (starting under the leadership of Bill Robertson in 1984), it has been extremely fulfilling.

My wholehearted support goes to the incoming executive and the rest of the Board. As I said previously, these next few years for the Club are going to be filled with a veritable minefield of challenges and I am confident that Management and the Board will more than capably deal with these, as they arise.

On a personal basis, I have shared many moments and many confidences with regard to Club matters with my dear friend Murray Oehms. He has always been a great sounding board (and sometimes a handbrake) over the time we have spent together on the Board. Thanks Murray!

There is always dependency on support regardless of what the task or position held is. Thank you to all members and particularly to my fellow Directors for your trust in me and support over my time as President.



John P Owen
President

TREASURERS REPORT 30th JUNE 2010

I am pleased to present the financial report for the year ended 30th June 2010.

The Club recorded a profit of \$17,532 after financial accounting adjustments against last years adjusted figure of \$121,786.

The reduced profit figure has in the main been due to a downturn in gaming income of some \$64,918.

Most other areas of income were better than budget with:

Bar sales up	\$66,116.
Catering income was down	\$39,630.

Expenditure increased \$81,162 with major variances being:

Entertainment	\$21,738
Advertising & Marketing	\$16,443
Trade Promotions	\$11,892
Security	\$9,548
Consultant Fees	\$8,456

Wages came in just under last years figure.

We are currently focused on obtaining approval to operate a further 10 gaming machines and the associated changes to the gaming industry which will occur prior to 2012.



M.N. Oehms

Treasurer.

THE WONTHAGGI CLUB
ABN: 59 004 154 045

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

THE WONTHAGGI CLUB
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DIRECTORS REPORT

Your directors present their report on the company for the financial year ended 30 June 2010.

Principal Activities

The company's principal activities are the operation of a registered club for the provision of entertainment, social engagement and community support for its members, the township of Wonthaggi and surrounds.

Directors Information

The names of the directors in office at any time during, or since the end of, the year and the period that each director has been in office:

Directors Name	Special Responsibilities	Period as Director	Qualifications and Experience
John Owen	President	12 Months July - June	30 years+ Member, 20 years+ as Director, Bachelor of Arts TPTC
Alan Bolding	Vice President	12 Months July - June	25 year+ Member, 15 years as Director.
Murray Oehms	Treasurer	12 Months July - June	27 year+ Member, 15 years+ as Director. Murray has 35 years experience in the Banking industry.
Stephen Scimonello		12 Months July - June	10 year Member, 2 year Director, Master of Engineering, Master of Social Science, Bachelor of Technology MAIBS CPP MPIA
Aldo Sartori		12 Months July - June	20 year+ member, 4 years as Director
Peter Vick		12 Months July - June	15 year member, 8 years as Director
Leslie Brewer		12 Months July - June	14 year member, 7 years as Director
John Geyer		12 Months July - June	30 year+ member, 6 years as Director
Glendon Rielly		10 Months August - June	9 year member, 1 years as Director
John Beckerleg		1 Month July - August	15 year+ member
Kitchener Franceswilliams (deceased)		3 Months July - September	10 year+ member

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DIRECTORS REPORT

Meeting of Directors

During the financial year, 12 meetings of directors (including committees of directors) were held and the attendances by each director during the year were as follows:

Directors Name	Directors' Meetings	
	Eligible to attend	Number attended
John Owen	12	10
Alan Bolding	12	12
Murray Oehms	12	11
Stephen Scimonello	12	11
Aldo Sartori	12	11
Peter Vick	12	11
Leslie Brewer	12	12
John Geyer	12	11
Glendon Rielly	10	10
John Beckerleg	1	0
Kitchener Franceswilliams	3	2

Short Term Goals

These principal activities assist in achieving the short term objectives of the company by;

- Providing discounted entertainment and hospitality products and services for members.
- Providing entertainment and hospitality products and services for the community
- Providing distributions to the community at regular intervals
- Providing turnover, cash flows and profit to meet the financial objectives of the company.

Strategies to Achieve Short Term Goals

The company has adopted the following strategies for achievement of these short term objectives;

- Entertainment to be provided on a monthly basis that provides a social outlet for:
 - o Older people in the community
 - o Younger People in the community
 - o Middle aged people in the community.
- Discounts made available for Silver and Gold members on all food, beverage and events.
 - o 15% total discount for Gold Members
 - o 10% total discount for Silver Members
- Regular distributions made to the community via;
 - o Bi-annual allocation of Wonfund donations
 - o Directors support of community groups seeking assistance
- To achieve the budgeted profit of 89,136 through
 - o Growing sales in all departments
 - o Reducing expenses in all departments
 - o Maintaining a highly productive team

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DIRECTORS REPORT

Long Term Goals

These principal activities assist in achieving the long term objectives of the company by;

- Providing discounted entertainment and hospitality products and services for members.
- Providing entertainment and hospitality products and services for the community
- Providing distributions to the community at regular intervals
- Providing turnover, cash flows and profit to meet the financial objectives of the company
- Providing improved facilities for members and the community

Strategies to Achieve Long Term Goals

The company has adopted the following strategies for achievement of these long term objectives;

- The preparation of a strategic and business plan that maps out departmental goals, sets the current and future direction of the company, and identifies to directors, management, staff and members the priorities of the company.
- To employ key staff that will operate the company in the interests of the company's long and short term goals.
- To maximize growth in all revenue streams in order to put the company in a financial position, whereby it can expand it's facilities.
- To establish long term relationships with the community in order for community support donations to have maximum benefit for the community.

How Do Principal Activities Assist in Achieving Short and Long Term Goals

The principal activities of the company assist in achieving both long and short term goals through the generation and retention of revenue to meet the financial and non financial objectives of the company.

Performance Measurement and Key Performance Indicators

The company can be measure performance using an array of indicators:

- Entertainment for the year has been provided with 15 events that were targeted towards older members of the community, 6 events that were targeted towards younger people, and 14 events that were targeted to middle aged members of the community.
- Throughout the year 15% total discounts were maintained for Gold Members and 10% total discount for Silver Members.
- Throughout the year the Board Donated to various community groups seeking assistance, as well as biannual donations via the Wonfund.
- The company achieved a profit of \$17,532 after tax versus a budgeted profit of \$89,136 for the year to June 2010.
- The company successfully implemented the majority of plans as outlines in it's strategic and business plans.

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DIRECTORS REPORT

Membership Details

The company is incorporated as a company limited by guarantee that requires the members of the company to contribute \$20 per member towards the company liabilities on the winding up of the company.

Membership Class	Number of Members	Individual Members Contribution on Winding Up of the Company	Total Members Contribution on Winding up of the Company
Effective Gold	548	20	10,960
Complimentary Gold	69	0	0
Silver	500	0	0
Blue	105	0	0
Totals	1222		10,960

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out in the independent auditor's report.

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



(Director)

Date:

THE WONTHAGGI CLUB
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BALANCE SHEET AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash Assets	11	281,002	260,398
Receivables		3,558	6,338
Inventories		31,179	46,287
Other	4	-	15,275
TOTAL CURRENT ASSETS		<u>315,739</u>	<u>328,298</u>
NON-CURRENT ASSETS			
Property, Plant & Equipment	5	3,267,905	3,400,227
Deferred Tax Asset		19,344	-
Intangible Assets		263,858	-
TOTAL NON-CURRENT ASSETS		<u>3,551,107</u>	<u>3,400,227</u>
TOTAL ASSETS		<u>3,866,846</u>	<u>3,728,525</u>
CURRENT LIABILITIES			
Payables	6	233,147	180,768
Interest Bearing Liabilities	7	226,008	235,260
Provisions	8	91,780	92,097
Other	9	15,820	18,250
TOTAL CURRENT LIABILITIES		<u>566,755</u>	<u>526,375</u>
NON-CURRENT LIABILITIES			
Interest Bearing Liabilities	7	1,525,712	1,450,111
Provisions	8	14,549	9,741
TOTAL NON-CURRENT LIABILITIES		<u>1,540,261</u>	<u>1,459,852</u>
TOTAL LIABILITIES		<u>2,107,016</u>	<u>1,986,227</u>
NET ASSETS		<u>1,759,830</u>	<u>1,742,298</u>
EQUITY			
General Reserve		309,519	309,519
Retained Profits	10	1,450,311	1,432,779
TOTAL EQUITY		<u>1,759,830</u>	<u>1,742,298</u>

THE WONTHAGGI CLUB
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COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Revenue from ordinary activities	2	2,941,094	2,962,593
Expenses from Ordinary Activities			
Cost of sales		(445,301)	(443,708)
Employee benefits		(1,295,291)	(1,300,691)
Depreciation		(194,964)	(183,029)
Borrowing costs		(132,721)	(154,816)
Other expenses		<u>(855,285)</u>	<u>(758,563)</u>
Profit/ (loss) from ordinary activities before income tax expense	2	17,532	121,786
Income tax benefit/ (expense) relating to ordinary activities	3	<u>-</u>	<u>-</u>
Profit/ (loss) from ordinary activities after income tax expense		<u>17,532</u>	<u>121,786</u>
Total comprehensive income of the Club		<u>17,532</u>	<u>121,786</u>

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		2,940,487	2,970,892
Payments to suppliers and employees		(2,504,129)	(2,531,250)
Borrowing costs		(132,721)	(154,816)
Income tax paid		(19,344)	-
Interest received		957	861
Net cash from operating activities	11(b)	285,250	285,687
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of plant & equipment		818	4,494
Purchase of property, plant and equipment		(67,955)	(50,843)
Purchase of intangible assets		(263,858)	-
Net cash from investing activities		(330,995)	(46,349)
CASH FLOW FROM FINANCING ACTIVITIES			
Net (repayments)/proceeds from borrowings		66,349	(88,191)
Net cash from financing activities		66,349	(88,191)
Net (Decrease)/Increase in cash held		20,604	151,147
Cash at the beginning of the financial year		260,398	109,251
Cash at the end of the financial year	11(a)	281,002	260,398

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
General Reserve		
Opening balance	309,519	309,519
Movement	-	-
Closing balance	<u>309,519</u>	<u>309,519</u>
Retained Profits		
Opening balance	1,432,779	1,310,993
Profit/ (loss) from ordinary activities	17,532	121,786
Closing balance	<u>1,450,311</u>	<u>1,432,779</u>
Total equity	<u>1,759,830</u>	<u>1,742,298</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

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

The Board have determined that the Club is a not for profit entity as the principal objective is not the generation of profit. The financial report does not fully comply with International Financial Reporting standards (IFRS) as some Australian equivalents to IFRS relating to not for profit entities are inconsistent with IFRS.

The following is a summary of the material accounting policies adopted by the Club in the preparation of the financial report.

(a) Income Tax

The Club adopts the liability method of tax-effect accounting whereby the income tax expenses is based on the profit from ordinary activities adjusted for any permanent differences.

Non-member income of the Club only is assessable for tax. Member income is excluded under the principle of mutuality.

(b) Inventories

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

(c) Property, Plant & Equipment

Property, plant & equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant & equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Non-current assets are written down to recoverable amounts where the carrying value of any non-current asset exceeds the recoverable amount.

The recoverable amount is assessed as the depreciated replacement cost of an asset. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets including buildings, is depreciated on a reducing balance method 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 asset are:

- Buildings	2.50%
- Plant & Equipment	7.5% to 40%

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

(d) Employee Benefits

Provision is made for the companies liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. The employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(f) Accounts Payable

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

(g) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(h) Revenue Recognition

Revenue is recognised when the company has passed control of the goods or other assets to the buyer, or provided the service to the customer.

(i) Interest Bearing Liabilities

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

(j) Financial Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
NOTE 2: PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES		
Profit/ (loss) from ordinary activities before income tax includes the following items of revenue and expense:		
Operating Revenue		
Gaming revenue	1,500,574	1,565,492
Sale of goods and services	1,330,744	1,301,769
Interest received	957	861
Membership fees	38,692	36,785
Other income	70,127	57,686
Total operating revenue	2,941,094	2,962,593
Expenses		
Cost of goods sold	445,301	443,708
Interest expense	132,721	154,816
Depreciation expense	194,964	183,029
Provision for annual leave	16,490	(11,790)
Remuneration of auditors		
- Audit fees	7,700	7,300
- Other services	2,350	1,350
NOTE 3: INCOME TAX EXPENSE		
The prima facie income tax on profit/ (loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax credit on profit/ (loss) from ordinary activities before income tax at 30%	5,260	36,536
Tax effect of:		
- timing difference between accounting and tax expenses	988	(2,486)
- non taxable income arising from principle of mutuality	(11,677)	(7,002)
- carried forward tax losses not recognised	5,429	(27,048)
Income Tax (Benefit)/ Expense	-	-
The Club has carried forward tax losses of \$21,347. The income tax benefit of \$6,404 will be recoverable if the Club has taxable income in the future.		
NOTE 4: OTHER CURRENT ASSETS		
Prepayments	-	15,275

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
NOTE 5: PROPERTY, PLANT AND EQUIPMENT		
Land	300,000	300,000
Buildings at cost	3,230,087	3,227,496
Accumulated depreciation	<u>(741,042)</u>	<u>(661,386)</u>
	<u>2,489,045</u>	<u>2,566,110</u>
Plant & equipment at cost	1,303,875	1,241,760
Less accumulated depreciation	<u>(825,015)</u>	<u>(707,643)</u>
	<u>478,860</u>	<u>534,117</u>
Total Property, Plant & Equipment	<u><u>3,267,905</u></u>	<u><u>3,400,227</u></u>

a) Movements in Carrying Amounts

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

	Land	Buildings	Plant & Equipment	Total
Balance at beginning of year	300,000	2,566,110	534,117	3,400,227
Additions	-	2,591	97,170	99,761
Disposals	-	-	(37,119)	(37,119)
Depreciation expense	-	(79,656)	(115,308)	(194,964)
Carrying amount at the end of the year	<u><u>300,000</u></u>	<u><u>2,489,045</u></u>	<u><u>478,860</u></u>	<u><u>3,267,905</u></u>

NOTE 6: PAYABLES

Trade creditors	94,921	39,637
Accrued expenses	91,464	91,867
GST payable	<u>46,762</u>	<u>49,264</u>
	<u><u>233,147</u></u>	<u><u>180,768</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
NOTE 7: INTEREST BEARING LIABILITIES		
<u>CURRENT</u>		
Chattel mortgage	9,684	12,336
Borrowings - secured (a)	216,324	222,924
	<u>226,008</u>	<u>235,260</u>
<u>NON-CURRENT</u>		
Chattel mortgage	13,032	3,082
Borrowings - secured (a)	1,452,680	1,387,029
Debentures - unsecured	60,000	60,000
	<u>1,525,712</u>	<u>1,450,111</u>

(a) The Club has a loan facility of \$1,682,000. The Club's bank have a registered mortgage over land and buildings and a mortgage debenture over assets and undertaking of the Club.

NOTE 8: PROVISIONS

<u>CURRENT</u>		
Annual leave	63,938	47,448
Long service leave	27,842	44,649
	<u>91,780</u>	<u>92,097</u>
<u>NON-CURRENT</u>		
Long service leave	<u>14,549</u>	<u>9,741</u>

NOTE 9: OTHER CURRENT LIABILITIES

Revenue received in advance	<u>15,820</u>	<u>18,250</u>
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NOTE 10: RETAINED PROFITS

Balance at beginning of financial year	1,432,779	1,310,993
Net profit/ (loss)	17,532	121,786
Balance at end of financial year	<u>1,450,311</u>	<u>1,432,779</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
NOTE 11: CASHFLOW INFORMATION		
(a) Reconciliation of Cash		
For the purposes of this statement of cash flows, cash includes cash on hand and in at call deposits with banks and financial institutions net of bank overdrafts.		
Cash at bank and on hand	<u>281,002</u>	<u>260,398</u>
(b) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax.		
Profit/ (loss) from ordinary activities after related income tax	17,532	121,786
Depreciation	194,964	183,029
Loss on disposal of assets	4,495	-
Changes in Assets and Liabilities:		
(Increase)/Decrease in Receivables	2,780	3,344
(Increase)/Decrease in Inventories	15,108	(64)
(Increase)/Decrease in Prepayments	15,275	(5,992)
Increase/(Decrease) in Payables	52,379	(12,859)
Increase/(Decrease) in Provisions	4,491	(9,373)
Increase/(Decrease) in Current Tax Liability	(19,344)	-
Increase/(Decrease) in Revenue Received in Advance	(2,430)	5,816
Net Cash provided by operating activities	<u>285,250</u>	<u>285,687</u>

NOTE 12: COMPANY INFORMATION

Principal Place of Business and Registered Office:
16 McBride Avenue
Wonthaggi

NOTE 13: RELATED PARTIES

Except for transactions in the ordinary course of business, no benefits were received by members of the Committee and during the year Leslie Brewer and John Owen provided goods or services to the Club valued at \$4,038.

THE WONTHAGGI CLUB
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
NOTE 14: SEGMENT REPORTING		
The Club operates in the leisure sector providing social facilities to members and visitors of the Club within the South Gippsland Region of Victoria.		
NOTE 15: CAPITAL COMMITMENTS		
68 Gaming machine entitlements	<u>5,013,298</u>	<u>-</u>
Payable:		
Not later than 12 months	-	-
Between 12 months and 5 years	4,221,724	-
Greater than 5 years	<u>791,573</u>	<u>-</u>
Balance at end of financial year	<u>5,013,298</u>	<u>-</u>

The entity has accepted a Deed Poll in favour of the Minister for Gaming in Victoria which constitutes an irrevocable and binding agreement to take up 68 machine entitlements pre-auction for the specified price and to make payments in accordance with the agreement.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 16: FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Interest Rate Risk

The Club's exposure to interest rate risk, which is the risk that the Financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Interest Rate	Non Interest Bearing	Variable Interest Rate	Fixed Interest Rate Maturing		Total
				Within 1 year	1 to 5 years	
	%	\$	\$	\$	\$	\$
2010						
Financial Assets						
- Cash	0.20	-	281,002	-	-	281,002
- Receivables	N/A	3,558	-	-	-	3,558
Total Financial Assets		<u>3,558</u>	<u>281,002</u>	<u>-</u>	<u>-</u>	<u>284,560</u>
Financial Liabilities						
- Payables	N/A	247,696	-	-	-	247,696
- Borrowings	7.79	-	1,669,004	-	-	1,669,004
Total Financial Liabilities		<u>247,696</u>	<u>1,669,004</u>	<u>-</u>	<u>-</u>	<u>1,916,700</u>
2009						
Financial Assets						
- Cash	1.00	-	260,398	-	-	260,398
- Receivables	N/A	6,338	-	-	-	6,338
Total Financial Assets		<u>6,338</u>	<u>260,398</u>	<u>-</u>	<u>-</u>	<u>266,736</u>
Financial Liabilities						
- Payables	N/A	190,509	-	-	-	190,509
- Borrowings	9.87	-	1,609,953	-	-	1,609,953
Total Financial Liabilities		<u>190,509</u>	<u>1,609,953</u>	<u>-</u>	<u>-</u>	<u>1,800,462</u>

**THE WONTHAGGI CLUB
ABN: 59 004 154 045**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

(c) Credit Risk

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

The Club does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Club.

(d) Net Fair Values

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

THE WONTHAGGI CLUB
ABN: 59 004 154 045

DIRECTORS DECLARATION
FOR THE YEAR ENDED 30 JUNE 2010

The directors of the company declare that:

1. the financial statement and notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company; and
2. The financial statements and notes comply with International Financial Reporting Standards as disclosed in Note 1 (a) to the financial statements.
3. in the directors' opinion, there are reasonable grounds to believe that the company 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)

Date:

INDEPENDENT AUDITOR'S REPORT

To the Members of The Wonthaggi Club

We have audited the accompanying financial report of The Wonthaggi Club, which comprises the balance sheet as at 30 June 2010, the comprehensive income statement, statement of changes in equity, cash flow statement for the year then ended, a summary of significant accounting policies other explanatory notes and the directors declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

We are independent of the Company, and have met the independence requirements of Australian Professional Ethical Standards and the Corporations Act 2001. We have given to the directors of the company a written Auditors Independence Declaration.

Auditor's Opinion

In our opinion the financial report of The Wonthaggi Club is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the financial position as of 30 June 2010, and of its financial performance and its cash flows for the year then ended; and
- (a) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

WHK Audit (Vic)

WHK Audit (Vic)



Justin Brook
Partner
Date: 25 August 2010
Place: Warragul

3 Napier Street
WARRAGUL Vic 3820

PO Box 346
WARRAGUL Vic 3820

T 03 5622 7500
F 03 5623 6948

Auditors Independence Declaration to the Board of The Wonthaggi Club

www.whk.com.au

WHK Audit (Vic)
ABN 27 621 602 883

In relation to our audit of the financial report of The Wonthaggi Club for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

WHK Audit (Vic)

WHK Audit (Vic)



Justin Brook
Partner

Date: 25 August 2010