

Willoughby Legion Ex- Services Club Limited
ABN: 35 000 248 117
(A Company Limited by Guarantee)

ANNUAL GENERAL MEETING 2011

NOTICE IS HEREBY GIVEN that the Fifty - Second Annual General Meeting of members of Willoughby Legion Club Limited will be held on Sunday, 27th November 2011 at 11.30 am at the premises of the Club at 26 Crabbes Avenue, Willoughby NSW.

Agenda

1. Recite The Ode and a minutes silence for deceased Club Members.
2. Apologies
3. Confirmation of Minutes of Fifty- First Annual General Meeting of Members held on Sunday, 28th November 2010.
4. To receive and consider the Annual Report and Balance Sheet for the year ended 30th June 2011.
5. Confirmation of the Chairman's Report.
6. To consider and, if thought fit to pass, the Ordinary Resolution.
7. To confirm the re-appointment of Auditors Harley, Russell and Day.
8. To elect a Patron.
9. To deal with any other business of which due notice has been given.
10. General Business.

Any members wishing to bring before the Annual General Meeting any motion of business or questions regarding the Annual Report and accounts are to give notice in writing to the Chief Executive Officer no later than 5.00 pm on Friday 11th November 2011 so an appropriate response can be provided. No motion shall come before the meeting unless notice has been given. Motions can be delivered to the Club or to:

Club Willoughby
C/- The Chief Executive Officer
PO Box 556
Willoughby NSW 2068, or to
craig@clubwilloughby.com.au

ORDINARY RESOLUTION

That pursuant to the Registered Club Act:

The members hereby approve and agree to expenditure by the Club in the sum not exceeding \$2500 for the following activities of Directors until the next Annual General Meeting of the Club:

- a) Reasonable expenditure for a meal and beverage for each Director, immediately after a Board or Committee Meeting, on the day of that meeting when that meeting reasonably corresponds with a normal meal time on production of invoices, receipts or other proper documentary evidence of such expenditure.

- b) Reasonable expenditure incurred by Directors in travelling to and from Directors Meetings, or other duly constituted committee meetings as approved by the Board from time to time on the production of invoices, receipts or other proper documentary evidence of such expenditure.
- c) Reasonable expenditure on food and refreshments for Directors and Senior Management Officers in entertaining guests of the Club in The Orrery on the production of invoices, receipts or other proper documentary evidence of such, and such expenditure is approved by the Board at the next monthly Board of Directors' Meeting as being properly incurred in the course of that Director or Senior Management Officer's duties in relation to the Club and being reasonable.

The benefits in the above resolution are not available to members generally, but only for those who are Directors of the Club. Without the approval of the members given in General Meeting, such benefits would constitute a breach of the Registered Clubs Act.

Annual Accounts

A copy of the full financial report can also be found and downloaded on the Club's website. Just visit www.clubwilloughby.com.au.

Chairman's Report

Dear Club Members,

I submit my President's Report for the financial year ending 30th June 2011. The Club has had a significant financial turn around in the past 12 months to post a net profit of \$103,268 which is an improvement of \$143,433 from the last financial year.

Apart from the improved trading, the Board have been making considerable efforts to make Board operations and the sustainability of the Club more professional. Firstly, it was a requirement of the new Constitution that all Board Members undertake corporate governance training as set out by the Board. In total three courses are mandatory and the Board have 24 months to complete the training. I am pleased to report that 80% of that training has been completed. In addition, all Board Members are now members of the Club Directors Institute.

Secondly, the Board have adopted a Board Charter which sets out Board operating procedures, Code of Practice, and Directors' duties. This is based on the ClubsNSW model. The Board Charter was adopted in July 2011.

Thirdly, the Board have appointed a redevelopment committee which consists of Board Members S. Rayner, P. Dove, M. Robertson and the Club's Chief Executive Officer. The committee was selected for their professional expertise which can be applied to the redevelopment process. With respect to redevelopment process, a lot has happened behind the scenes. The Board is currently under a confidentiality agreement which expires at the end of November 2011. The Board are very close to making a redevelopment recommendation to the Members for approval. It is anticipated that an EGM will be called during the first half of 2012. It has been a long and thorough process. The main reason for the length of time is the Club has an asset with little capital. Development options are very limited unless a third party is

introduced. The Board are ensuring that the Members receive a new club house facility as well as providing other income producing assets on the site. It is the Club's intention that the development will be a joint venture with the Australian Legion.

To conclude I want to thank the Members for their ongoing support – especially in a tough economic climate. I want to thank the Board of Directors for their unity and team environment and make special thanks to the Redevelopment Committee for their professionalism and extra curriculum work. To the CEO, Craig, his Management team and staff, thank you for a successful 12 months.

Trevor Gross

Club President

Chief Executive Officer's Report

Dear Members,

I submit the Annual and Financial Reports for the year ending 30th June 2011. I am pleased to report that this year's Annual Report is more positive than the preceding year. Whilst trading has improved the figures can be a little misleading as the reporting financial year is 12 months compared to the previous financial year which was a 15 month period. The main points to take out of the figures are that pro rata revenue has increased by 8%, all gaming has improved by 16% and the cash flow has significantly improved. The site was valued for redevelopment purposes and you will note a significant increase in the value of non-current assets.

During the reporting period the remainder of the sub branch loan was paid out in full. In total \$61,000 was paid in 12 months. The Club again wishes to thank the sub branch and the Legion for providing us with that financial lifeline.

There has been a lot of publicity lately with regards to the Wilkie/ Gillard mandatory pre-commitment for poker machines to help problem gamblers. Wilkie is holding the Federal Government to ransom threatening to withdraw his support if the legislation is not passed in May 2012. Should the legislation get passed it will mean the death of many clubs across Australia. The result for your Club would mean a capital outlay of \$1.3m for our poker machine gaming installation to be upgraded, and then have up to 40% decline in profit. This is not a business model for banks to finance which is why many clubs will cease to exist. Problem gambling is a serious problem and the only way to help problem gamblers is counselling and exclusion from gaming premises.

As Trevor mentioned in his report a lot of work has occurred behind the scenes with redevelopment. The redevelopment committee has made a lot of head way is very proactive with regular meetings and keeping the momentum moving forward.

To finalise I wanted to thank everyone for their patronage. Your support for your Club is greatly appreciated. My Managers and staff continue to put in and be the friendly face of the Club. They are doing a great job and their efforts have not gone un-noticed. To Trevor and the Board I thank you for a productive and successful 12 months. We look forward to seeing you at the Club again soon.

Craig Robertson

Chief Executive Officer

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
ABN: 35 000 248 117
(A Company Limited by Guarantee)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE, 2011

HARLEY, RUSSELL & DAY
Chartered Accountants

2/172 Liverpool Road
ENFIELD NSW 2136

Phone: (02) 9744 6922
Fax: (02) 9744 6747

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
ABN: 35 000 248 117
(A Company Limited by Guarantee)
FINANCIAL STATEMENTS – 30th June, 2011

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WILLOUGHBY LEGION EX-SERVICES CLUB LIMITED

ABN: 35 000 248 117

(A Company Limited by Guarantee)

DIRECTORS' REPORT

Your Directors present their report on the Financial Statements of the Company for the year ended 30th June, 2011.

NAME OF DIRECTORS

The names of Directors in Office at any time during or since the end of the year are:-

Trevor GROSS	Elizabeth DORAHY	+ Colin FOSTER
Paul REEN	* Steve RAYNER	Peter DOVE
John SEATTER	+ Fred FELTHAM	* Michael ROBERTSON

+ Retired – November 2010

* Appointed – November 2010

COMPANY SECRETARY

The following person held the position of company secretary at the end of the financial year:

Craig Robertson has worked in the hotel and club industry for more than fifteen years. Mr Robertson was appointed Secretary/Manager on the 12th May 2005.

PRINCIPAL ACTIVITIES

The principal continuing activities of the Company are:- Licensed Ex-Service Men and Women's Club.

MEMBERS

The number of Members of the Company registered in the Register of Members at the date of this report is:

	<u>2011</u>	<u>2010</u>
Life Members	4	6
Associate Members	3,159	2,465
Ex-Service Members	<u>87</u>	<u>78</u>
	<u>3,250</u>	<u>2,549</u>

SIGNIFICANT CHANGES

During the year, there was no significant change in the nature of the principal activities of the Company.

OPERATING RESULTS

The Net Profit (Loss) from trading for the year (after no Provision for Income Tax) amounted to Profit \$103,268 (2010 Loss: \$40,165 for fifteen months) after charging Depreciation \$56,658 (2010: \$79,058).

DIVIDENDS

The Company is a Non-Profit Organisation and is prevented by its Articles from paying a Dividend.

REVIEW OF OPERATIONS

Movements in significant items of Revenue are as follows:-

	<u>2011</u>	<u>2010</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
Poker Machine Net Profit	794,593	856,608	(62,015)	(7.24)
Bar Net Profit	108,547	93,120	15,427	16.57
Overhead Operating Expenses	1,157,839	1,464,557	(306,718)	(20.95)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There was no significant change in state of affairs.

DIRECTORS INTERESTS

The Company does not have a Share Capital nor does it have any related corporations, hence no Director has an interest required to be declared by Section 307(c).

ENVIRONMENTAL REGULATION

The Company's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Directors are not aware of any breaches of the legislation during the financial year which are material in nature.

FUTURE DEVELOPMENTS

The Board has continued looking into redevelopment options involving the Club and its land with the Australian Legion of Ex-Servicemen and Women to secure its long-term future by diversifying income streams. This will include the construction of a new clubhouse and other income producing assets on the site. The facilities constructed will meet the needs of Club members and the community.

OBJECTIVES

SHORT TERM

1. To secure the long-term future of Willoughby Legion Ex-Services Club Ltd and the Australian Legion of Ex-Servicemen and Women.
2. To have members approve the core and non-core land.
3. To provide a redevelopment proposal fit for member's approval.
4. To maintain and improve the current facilities to members.
5. To increase membership and patronage.
6. To improve the current cash flow position and trading results.
7. To remain proactive in dealing with the continual changing industry legislation.

LONG TERM

1. To secure the long-term future of Willoughby Legion Ex-Services Club Ltd and the Australian Legion of Ex-Servicemen and Women.
2. To construct and fit out a new clubhouse.
3. To construct other assets on site to diversify income for members and provide community uses.
4. To increase profitability and cash flow.

PRINCIPAL STRATEGIES FOR ACHIEVING OBJECTIVES

1. Continue with current redevelopment proposal to be approved by Club members.
2. Continue ongoing repairs and maintenance of the current clubhouse facility to improve member's entertainment and comfort.
3. Improve customer service levels and knowledge by increasing external staff training.
4. Complete the required Director's training courses.
5. Develop rolling strategic business plans and compare results with KPI's.

HOW THESE ACTIVITIES ASSIST IN ACHIEVING THE OBJECTIVES

The current clubhouse has served its purpose for members and guests since 1969. It is beyond investing large amounts of capital to produce a facility fit for members. The best option is a *knock down rebuild* to provide a brand new entertainment facility. This is part of the redevelopment proposal.

There will be no relocating or suspending of trading during this process. Once a new clubhouse is erected (pending member's approval) the transition will occur. In the interim Management will endeavour to maintain and improve the current clubhouse to help achieve the short-term goals.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

INFORMATION ON DIRECTORS

<u>Name</u>	<u>Position</u>	<u>Experience</u>	<u>Meetings Attended</u>	<u>Apologies</u>	<u>Qualification</u>
Trevor Gross	President	Director, 12 years	12	-	Cleaning & Asset Main.
John Seatter	Vice President	Director, 7 years	12	1	Australia Post Employee
Elizabeth Dorahy	Director	Director, 4 years	12	-	Retired
Paul Reen	Director	Director, 11 years	12	1	Retired
Peter Dove	Director	Director, 3 years	12	-	Cdec Buyer
M. Robertson	Director	Director, 1 year	7	-	Finance Director
S. Rayner	Director	Director, 1 year	7	-	Builder
Fred Feltham	Director	Director, 3 years	5	1	Print Management
Colin Forster	Director	Director, 3 years	5	-	Engineer

DIRECTORS BENEFITS

Since the end of the previous financial year no Director has received or become entitled to receive any benefit by reason of a contract between the Company and himself or with a firm of which he has a substantial financial interest.

DIRECTORS AND AUDITORS INDEMNIFICATION

The Company has not, during or since the financial year, in respect to any person who has been an Officer or Auditor of the Company:-

- Indemnified or made any relevant agreement for indemnifying against a liability as an Officer or Auditor, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract ensuring against a liability incurred as an Officer or Auditor for the costs or expenses to defend proceedings;

Directors' indemnity premiums have been provided for and paid by the Company during the year at a cost of \$1,674.70 for Directors' and Officers' Liability Insurance. The insurance is in respect of legal liability for damages and legal costs to a maximum of \$5,000,000 arising from claims made by reason of any omissions or acts (other than dishonesty) by them, whilst acting as Directors or Officers of the Company.

AUDITOR'S INDEPENDENT DECLARATION

The Auditor's Independent Declaration for the year ended 30th June, 2011 has been received and can be found on page 3 of this report.

Dated at Willoughby this 12th day of September 2011
In accordance with a resolution of the Directors

.....
MICHAEL ROBERTSON - DIRECTOR

.....
PETER DOVE - DIRECTOR

WILLOUGHBY LEGION EX-SERVICES CLUB LIMITED

ABN: 35 000 248 117

(A Company Limited by Guarantee)

AUDITOR'S INDEPENDENT DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF WILLOUGHBY LEGION EX-SERVICES CLUB LIMITED

I declare to the best of my knowledge and belief, that during the year ended 30th June, 2011, 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.

DATED AT SYDNEY
THIS 15TH DAY OF
SEPTEMBER 2011

.....
HARLEY, RUSSELL & DAY
Chartered Accountants

GARRY WILLIAM DAY
Registered Company Auditor

WILLOUGHBY LEGION EX-SERVICES CLUB LIMITED

ABN: 35 000 248 117

(A Company Limited by Guarantee)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2011

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

a) Revenue Recognition

Sales Revenue

Sales Revenue comprises revenue earned from the provision of catering, beverage, and poker machine facilities to members and other patrons of the Club. Sales revenue is recognised when the goods and services are provided.

Asset Sales

The gross proceeds of asset sales are included as revenue of the entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

Interest Income

Interest income is recognised as it accrues.

b) Principal Activities

The company operates as a Licensed Club.

c) Property, Plant & Equipment

Property, plant and equipment are included at cost or at an independent valuation. All fixed assets, including buildings and capitalised leases, but excluding freehold land, are depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
Revenue from Continuing Operations		
Revenue from sale of goods	530,139	610,215
Revenue from rendering of services	1,275,146	1,450,030
Other Revenue from ordinary activities	69,133	98,581
Total Revenue	1,874,418	2,158,826
Expenses		
Cost of Sales	(235,688)	(275,248)
Donations and Subscriptions	(4,866)	(6,895)
Directors' expense	-	-
Employment Benefits expense	(572,068)	(713,538)
Entertainment, marketing and promotional costs	(196,468)	(234,516)
Legal and consultancy fees	(158)	(5,883)
Poker machine licences and taxes	(17,389)	(6,165)
Occupancy expense	(101,593)	(138,755)
Other expenses from ordinary activities	(584,807)	(732,210)
Total Expenses	(1,713,037)	(2,113,210)
Earnings before borrowing costs, tax, depreciation and amortisation	161,381	45,616
Depreciation and amortisation	(56,658)	(79,058)
Borrowing Costs	(1,455)	(6,723)
	(58,113)	(85,781)
Profit(Loss) before income tax	103,268	(40,165)
Income tax expense	-	-
Total Comprehensive Income (Loss) for the Year	103,268	(40,165)

The above accounts should be read in conjunction with the accompanying notes.

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2011

	Notes	2011 \$	2010 \$
Current assets			
Cash assets	4	133,513	46,515
Inventories	5	19,023	17,205
Other	6	<u>31,020</u>	<u>69,678</u>
Total current assets		<u>183,556</u>	<u>133,398</u>
Non-current assets			
Property, plant & equipment	7	13,974,709	7,057,411
Other	8	<u>2,529</u>	<u>2,533</u>
Total non-current assets		<u>13,977,238</u>	<u>7,059,944</u>
Total assets		<u>14,160,794</u>	<u>7,193,342</u>
Current liabilities			
Payables	9	26,789	46,268
Interest Bearing Liabilities	10	-	61,000
Provisions	11	62,206	67,122
Other	12	<u>67,223</u>	<u>65,329</u>
Total current liabilities		<u>156,218</u>	<u>239,719</u>
Non current liabilities			
Provisions	11	<u>7,684</u>	<u>-</u>
Total non current liabilities		<u>7,684</u>	<u>-</u>
Total liabilities		<u>163,902</u>	<u>239,719</u>
Net assets		<u>13,996,892</u>	<u>6,953,623</u>
Equity			
Asset Revaluation Reserve	28	11,643,948	4,703,947
Retained Profits	13	<u>2,352,944</u>	<u>2,249,676</u>
Total equity		<u>13,996,892</u>	<u>6,953,623</u>

The above accounts should be read in conjunction with the accompanying notes.

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2011

	Notes	2011 \$	2010 \$
Opening balance 30 June 2010		2,249,676	2,289,841
Less (Loss) Profit for the year		<u>103,268</u>	<u>(40,165)</u>
Closing balance 30 June 2011		<u><u>2,352,944</u></u>	<u><u>2,249,676</u></u>

The above accounts should be read in conjunction with the accompanying notes.

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2011

	Notes	2011 \$	2010 \$
Cash flow from operating activities			
Receipts from customers		2,021,322	2,330,792
Payment to suppliers and employees		(1,824,257)	(2,312,031)
Interest received		210	259
Interest paid		(1,455)	(6,723)
Net cash from operating activities		195,820	12,297
Cash flow from investing activities			
Interest bearing borrowings repayment		(61,000)	(29,000)
Payment for property, plant & equipment & investments		(47,822)	(28,288)
Net cash (outflows) from investing activities		(108,822)	(57,288)
Net increase/ (decrease) in Cash Held		86,998	(44,991)
Cash held at the beginning of the financial year		46,515	91,506
Cash held at the end of the financial year		133,513	46,515
Reconciliation of Profit & Loss to Net Cash from Operation			
Profit(Loss) from ordinary activities		103,268	(40,165)
Depreciation		56,658	79,058
(Loss) on assets written off		13,870	34,745
(Increase)/ decrease in inventories		(1,818)	1,810
Increase/ (decrease) in trade creditors		(19,478)	(23,047)
(Increase)/ decrease in prepayments		(12,451)	19,254
(Increase)/ decrease in other debtors		51,109	(34,862)
Increase/ (decrease) in provision for employee entitlements		2,768	(1,101)
Increase/ (decrease) in other liabilities		1,894	(23,395)
		195,820	12,297

The above accounts should be read in conjunction with the accompanying notes.

WILLOUGHBY LEGION EX-SERVICES CLUB LIMITED

ABN: 35 000 248 117

(A Company Limited by Guarantee)

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2011

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Depreciation of property, plant and equipment

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life. The exception is glassware, crockery and cutlery, which is expressed in the year of purchase. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

<u>Category</u>	<u>Useful Life</u>	<u>Depreciation Basis</u>
Buildings	40 years	straight line
Plant and equipment	5 years	diminishing value

f) Trade and other creditors

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

g) Maintenance and repairs

The costs of maintenance, repairs and minor renewals are charged as expenses as incurred.

h) Employee Entitlements

(i) *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, annual leave and sick leave are recognised and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(ii) *Long service leave*

A liability for long service leave is recognised for all employees of the club with ten years or more service. No adjustment is made for inflation of wage rates or discounting of expected future payments as the net effect is not expected to be material.

i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation 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 Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis.

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
NOTE 4. CURRENT ASSETS - CASH ASSETS	\$	\$
Bank - Current Account	76,668	(18,440)
Bank - Cash Management	489	570
Bank - Term Deposit	5,439	5,230
TAB Security Deposit	5,000	5,000
Cash on Hand	45,917	54,155
	<u>133,513</u>	<u>46,515</u>
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	<u>133,513</u>	<u>46,515</u>
Balances as per statement of cash flows	<u>133,513</u>	<u>46,515</u>
NOTE 5. INVENTORIES		
Finished Goods- at cost	<u>19,023</u>	<u>17,205</u>
NOTE 6. OTHER		
Other	11,728	62,837
Prepayments	<u>19,292</u>	<u>6,841</u>
	<u>31,020</u>	<u>69,678</u>
NOTE 7. NON-CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT		
Land & Buildings -at Valuation	13,400,000	6,460,000
Improvements - at cost	129,200	129,200
Less: Accumulated depreciation	<u>(28,168)</u>	<u>(24,508)</u>
	<u>101,032</u>	<u>104,692</u>
	<u>13,501,032</u>	<u>6,564,692</u>
Project Development	45,482	37,782
Parking Area at Cost	<u>68,435</u>	<u>68,435</u>
Total Land and Buildings	<u>13,614,949</u>	<u>6,670,909</u>
Furniture & Fittings - at cost	144,463	144,306
Less: Accumulated depreciation	<u>(112,855)</u>	<u>(109,171)</u>
	<u>31,608</u>	<u>35,135</u>
Carpets	116,721	116,721
Less: Accumulated depreciation	<u>(87,491)</u>	<u>(81,063)</u>
	<u>29,230</u>	<u>35,658</u>

WILLOUGHBY LEGION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
NOTE 7. NON-CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT <i>continued</i>		
Office Machinery - at cost	37,566	42,399
Less: Accumulated depreciation	<u>(27,575)</u>	<u>(30,127)</u>
	<u>9,991</u>	<u>12,272</u>
Poker Machines - at cost	399,611	403,211
Less: Accumulated depreciation	<u>(350,499)</u>	<u>(361,613)</u>
	<u>49,112</u>	<u>41,598</u>
Plant and equipment - at cost	652,776	698,475
Less: Accumulated depreciation	<u>(493,782)</u>	<u>(521,775)</u>
	<u>158,994</u>	<u>176,700</u>
Bowling Green Construction - at cost	48,766	48,766
Less: Accumulated amortisation	<u>(24,091)</u>	<u>(24,091)</u>
	<u>24,675</u>	<u>24,675</u>
Motor Vehicle - at cost	14,700	20,700
Less: Accumulated depreciation	<u>(14,640)</u>	<u>(18,010)</u>
	<u>60</u>	<u>2,690</u>
Smoking Terrace	62,904	62,904
Less: Accumulated depreciation	<u>(6,814)</u>	<u>(5,130)</u>
	<u>56,090</u>	<u>57,774</u>
Total property, plant and equipment	<u>13,974,709</u>	<u>7,057,411</u>

Reconciliations

Total of Land and Buildings of \$13,614,949 consist of the "Core Assets" as defined under the Registered Clubs Act

A valuation was undertaken as at 31 January 2011 by James Doncas AAPI which came to \$16,469,000 for the total sit. Your Directors have attributed \$13,400,000 of this to the value of the Company's Land and Buildings the other Land being the Legion's Annex.

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Freehold Land & Buildings	Furniture & Fittings	Bowling Green	Plant & Equipment	Total
	\$	\$	\$	\$	\$
Carrying amount at					
30th June 2010	6,670,909	35,135	24,675	326,692	7,057,411
Asset Revaluation	6,940,000	-	-	-	6,940,000
Additions	7,700	157	-	26,099	33,956
Depreciation/amortisation	(3,660)	(3,684)	-	(49,314)	(56,658)
Carrying amount at					
30th June 2011	<u>13,614,949</u>	<u>31,608</u>	<u>24,675</u>	<u>303,477</u>	<u>13,974,709</u>

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
ABN: 35 000 248 117
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
NOTE 8. NON-CURRENT ASSETS/OTHER		
Investments - Shares	<u>2,529</u>	<u>2,533</u>
NOTE 9. CURRENT LIABILITIES - PAYABLES		
Trade creditors	<u>26,789</u>	<u>46,268</u>
	<u>26,789</u>	<u>46,268</u>
NOTE 10. INTEREST BEARING LIABILITIES		
Loan - Willoughby Sub-Branch	-	<u>61,000</u>
NOTE 11. CURRENT & NON-CURRENT LIABILITIES - PROVISIONS		
Employee entitlements- Current	62,206	67,122
Employee entitlements- Non Current	<u>7,684</u>	<u>-</u>
	69,890	67,122
NOTE 12. CURRENT LIABILITIES - OTHER		
Other		
Rental Phone Tower in Advance	13,524	10,620
Subscriptions in advance	12,187	13,446
Caterers Bond	5,000	5,000
Green fees in advance	10,000	10,000
Other payables and accruals	<u>26,512</u>	<u>26,263</u>
	<u>67,223</u>	<u>65,329</u>

NOTE 13. MEMBERS' GUARANTEE

The club is a company limited by guarantee. If the club is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations to the Club. At 30th June, 2011 the number of members was 3250.

NOTE 14. DIVIDENDS

Under the club's Constitution, there is no provision for the payment of dividends.

NOTE 15. REMUNERATION OF AUDITORS

Accounting and taxation	1,300	2,000
Remuneration for audit	<u>12,100</u>	<u>12,100</u>
	<u>13,400</u>	<u>14,100</u>

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
ABN: 35 000 248 117
(A Company Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$

NOTE 16. CONTINGENT LIABILITIES

There are no contingent liabilities.	-	-
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NOTE 17. COMMITMENTS FOR EXPENDITURE

There was no commitment for capital expenditure.	-	-
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NOTE 18. FINANCIAL INSTRUMENTS

(a) Credit risk exposures

The credit risk on financial assets of the club which have been recognised on the statement of financial position, is the carrying amount.

(b) Interest rate risk exposures

The club's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

	Fixed interest maturing in:				Total
	Floating	1 year or	Over 1 to 5	Non interest	
	interest rate	less	years	bearing	
	\$	\$	\$	\$	\$
2010					
Cash on hand	-	571	-	40,714	41,285
Cash on deposit	-	-	5,230	-	5,230
	-	571	5,230	40,714	46,515
	0.00%	1.00%	2.50%	0.00%	0.00%
Financial liabilities					
Loans	-	-	(61,000)	-	(61,000)
Trade creditors	-	-	-	(46,268)	(46,268)
	-	-	(61,000)	(46,268)	(107,268)
		0.00%	6.60%	0.00%	3.75%
Weighted average interest rate					
Net financial assets (liabilities)	-	571	(55,770)	(5,554)	(60,753)
	0.00%	1.00%	6.60%	0.00%	3.75%

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
ABN: 35 000 248 117
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
		\$
Reconciliation of Net Financial Assets to Net Assets		
Net Financial Assets	106,724	(60,753)
Inventories	19,023	17,205
Property, plant & equipment	13,974,709	7,057,411
Provisions	(67,223)	(67,122)
Other liabilities	(69,890)	(65,329)
Other Assets	33,549	72,211
Net Assets as per Financial Statements	13,996,892	6,953,623

(c) **Net fair value of financial assets and liabilities**

The net fair value of the cash financial assets and financial liabilities of the club approximates their carrying amounts.

	Fixed interest maturing in:				Total
	Floating interest rate \$	1 year or less \$	Over 1 to 5 years \$	Non interest bearing \$	
2011					
Cash on hand	-	489	-	127,585	128,074
Cash on deposit	-	-	5,439	-	5,439
	0.00%	4.50%	2.80%	0.00%	0.00%
Financial liabilities					
Loans	-	-	-	-	-
Trade creditors	-	-	-	(26,789)	(26,789)
	-	-	-	(26,789)	(26,789)
Weighted average interest rate					
Net financial assets (liabilities)	-	489	5,439	100,796	106,724
	0.00%	4.50%	2.80%	0.00%	0.00%

NOTE 21. SEGMENT REPORTING

The company operates predominantly in the hospitality and entertainment industry. The Company's operations and customers are located predominantly in Sydney, New South Wales. The Company provides food, beverage, gaming and other entertainment facilities to members and guests.

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
ABN: 35 000 248 117
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2011

NOTE 22. SEGMENT INFORMATION

The Company operates in the hospitality and entertainment industry. The Company's operations and customers are located predominantly in Sydney, New South Wales.

NOTE 23. POKER MACHINE ENTITLEMENTS

The Club currently owns 52 Poker Machine Entitlements as the value of these licenses changes from time to time with market value, it is estimated at \$13,000 each, the current value of the licenses would be in the vicinity of \$676,000.00

NOTE 24. RENTAL COMMITMENT

	<u>2011</u>	<u>2010</u>
Rental	5,200	5,200

NOTE 25. 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.

There were no transactions with related parties during the financial year.

NOTE 26. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year are:

	<u>2011</u>	<u>2010</u>
	\$	\$
Honarium	<u>17,500</u>	<u>18,000</u>
Director's Expense	<u>-</u>	<u>-</u>

Director's Expenses did not exceed the amount approved by Members at the last Annual General Meeting

Trevor Gross	President
John Seatter	Vice-President
Elizabeth Dorahy	Director
Paul Reen	Director
Fred Feltham	Director
Colin Forster	Director
Peter Dove	Director
Michael Robertson	Director
Steve Rayner	Director
Other key Management Personnel	
Craig Robertson	Secretary Manager
Gerard Boyle	Operations Manager
Phil Prischl	Functions Manager

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
ABN: 35 000 248 117
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2011

NOTE 26. KEY MANAGEMENT PERSONAL COMPENSATION (CONT)

(b) Key Manager Personnel Compensation

	Short-term benefits		Post employment benefits	Total
	Cash, Salary & commissions \$	Allowances \$	Super-annua tion \$	
Total compensation - 2011	228,360	-	15,657	244,017
Total compensation - 2010	258,302	-	21,388	279,690

NOTE 27. ADDITIONAL COMPANY INFORMATION

Willoughby Legion Ex-Services Club Limited is a public company limited by guarantee, incorporated in Australia.

Principal Place of Business & Registered Office:

26 Crabbes Avenue
 Willoughby NSW 2068
 Tel: (02) 9411 5333

NOTE 28. ASSET REVALUATION RESERVE

The value of the Land previously held in the books at \$1,756,004 was revalued at the Valuer General value of Land only of \$6,460,000; the difference being a creation of an Asset Revaluation Reserve of \$11,643,948.

NOTE 29. COMPARATIVE FIGURES

The 2010 figures represent a 15 month period while 2011 represents a 12 month period.

WILLOUGHBY LEGION EX-SERVICES CLUB LIMITED

ABN: 35 000 248 117

(A Company Limited by Guarantee)

DIRECTORS' DECLARATION

In the opinion of the Directors of Willoughby Legion Ex-Services Club Limited -

- (a) the financial statements and notes are in accordance with the Corporations Law, including:
 - (i) giving a true and fair view of the financial position of the Company as at 30th June, 2011 and performance, as represented by the results of the operation and cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Willoughby this 12th day of September 2011

In accordance with a resolution of the Directors

.....
MICHAEL ROBERTSON - DIRECTOR

.....
PETER DOVE - DIRECTOR

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
WILLOUGHBY LEGION EX-SERVICES CLUB LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Willoughby Legion Ex-Services Club Limited ("the company") which comprises the balance sheet as at 30th June, 2011 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the entity comprising the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard ASSB 101: "Presentation of Financial Statements", that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes complies with IFRS.

Auditors' 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

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 Willoughby Legion Ex-Services Club Limited would be in the same terms if provided to the directors as at the date of this auditor's report.

Audit Qualification

The Company has not segregated the Land from the Building shown at valuation of \$13,400,000 under the accounting standards, the Land value must be separated and the Building's d depreciated. As this has not been done we unable to quantify the impact on the accounts of the amount of the depreciation that should have been charged. Also the fair value of the real estate has not been brought into the accounts.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
WILLOUGHBY LEGION EX-SERVICES CLUB LIMITED

Auditor's Opinion

In our opinion:

- a. the financial report of Willoughby Legion Ex-Services Club Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30th June, 2011 and of the performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

DATED AT SYDNEY
THIS 15TH DAY OF
SEPTEMBER 2011

.....
HARLEY, RUSSELL & DAY
Chartered Accountants

GARRY WILLIAM DAY
Registered Company Auditor

WILLOUGHBY LEGION EX-SERVICES CLUB LIMITED

ABN: 35 000 248 117

(A Company Limited by Guarantee)

DISCLAIMER

The additional financial data presented on the following five pages consisting of the Detailed Operating Statement, Poker Machine Revenue, TAB Agency Trading, Bar Trading Revenue, Club House Expense Account and Administration Expense Account are in accordance with the books and records of the Willoughby Legion Ex-Services Club Limited which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 30th June, 2011. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given.

In accordance with our firm policy, we advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the company) in respect of such data, including any errors or omissions therein, arising through negligence or otherwise however caused.

**DATED AT SYDNEY
THIS 15TH DAY OF
SEPTEMBER 2011**

.....
HARLEY, RUSSELL & DAY
Chartered Accountants

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
ABN: 35 000 248 117
(A Company Limited by Guarantee)
OPERATING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
Trading income		
Net profit- Bar trading	108,547	93,120
Net profit- Poker machines	794,593	856,608
Net profit- TAB Agency	15,440	13,987
Total trading income	918,580	963,715
Other Income		
Cleaning and utilities fees	-	10,355
Function room hire	204,271	304,771
Green fees	20,090	10,000
Insurance claims	4,880	18,068
Interest	210	259
Keno	13,783	13,152
Membership subscriptions	6,268	15,960
Raffles	35,250	44,178
Rent Tower	40,973	27,590
Sundries	14,608	13,809
Vending machines etc.	2,194	2,535
Total Other income	342,527	460,677
Total Income	1,261,107	1,424,392
<u>Less: Expenses</u>		
Club House expenses	812,498	995,744
Administration expenses	345,341	468,813
	1,157,839	1,464,557
Profit/(Loss) for the year	103,268	(40,165)

The above accounts should read in conjunction with the accompanying disclaimer

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
ABN: 35 000 248 117
(A Company Limited by Guarantee)
POKER MACHINE REVENUE ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
Income		
Net Clearances	966,455	1,042,906
State Government Rebate	17,180	20,043
	<u>983,635</u>	<u>1,062,949</u>
Less: Expenses		
Depreciation	15,111	21,613
Duty	17,389	6,165
PM Analysis & Monitoring	20,983	27,379
Rental	28,044	2,190
Repairs & Maintenance	12,532	16,647
Wages	92,871	121,126
Maximillions	2,112	11,221
Total Expenses	<u>189,042</u>	<u>206,341</u>
Net Profit	<u><u>794,593</u></u>	<u><u>856,608</u></u>

TAB AGENCY TRADING ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
Income		
Commission received	18,117	14,980
Less: Expenses		
- Promotion	2,677	993
Net Profit/(Loss)	<u><u>15,440</u></u>	<u><u>13,987</u></u>

The above accounts should read in conjunction with the accompanying disclaimer

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
ABN: 35 006 248 117
(A Company Limited by Guarantee)

BAR TRADING REVENUE ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
Income		
Bar Sales	530,139	610,215
Less: Cost of goods sold		
Opening inventory	17,205	19,015
Purchases	237,506	273,438
Less: Closing inventory	(19,023)	(17,205)
Total Cost of goods sold	235,688	275,248
Gross profit	294,451	334,967
Gross profit percentage	55.55%	54.89%
Less: Expenses		
Glass replacement	-	524
Repairs and Maintenance	5,322	5,800
Wages	180,582	235,523
Total Expenses	185,904	241,847
Net Profit	108,547	93,120

The above accounts should read in conjunction with the accompanying disclaimer

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
ABN: 35 000 248 117
(A Company Limited by Guarantee)

CLUB HOUSE EXPENSE ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
Club House Expenses		
Cleaning	55,334	68,815
Depreciation	41,547	57,445
Electricity & Gas	84,373	109,768
Entertainment & Promotion	196,468	234,516
Hire of Services	4,564	2,641
Laundry & Catering	17,006	21,606
Maintenance contracts-Grounds	35,006	57,146
Security	65,127	74,137
Repairs & Maintenance	63,391	73,133
Wages	247,818	294,742
Long Service Leave & Annual Leave	1,864	1,795
	<u>812,498</u>	<u>995,744</u>

The above accounts should read in conjunction with the accompanying disclaimer

WILLOUGHBY LEGION
EX-SERVICES CLUB LIMITED
ABN: 35 006 248 117
(A Company Limited by Guarantee)

ADMINISTRATION EXPENSE ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
Administration Expenses		
Accountancy fees	10,350	14,844
Advertising	4,859	1,344
Affiliation fees	7,830	9,822
Audit fees	13,200	12,100
Bad Debts	1,920	-
Bank charges	16,863	3,520
Computer expenses	2,401	8,847
Constitution	-	33,990
Director training	1,675	-
Donations & Subscriptions	4,866	6,895
Fringe Benefits Tax	3,448	2,831
Honorariums	17,100	18,000
Insurance	70,678	73,335
Legal expenses	158	5,883
Leasing	29,364	48,092
Loss on Disposal	13,870	34,945
Motor Vehicle	9,617	10,704
Interest	1,455	6,723
Printing and stationery	9,617	18,104
Rates	61,387	76,609
Rent	5,200	5,200
Staff amenities	3,135	3,999
Staff training	11,078	11,193
Superannuation	37,855	49,160
Telephone	7,415	12,673
Total expenses	<u>345,341</u>	<u>468,813</u>

The above accounts should read in conjunction with the accompanying disclaimer