
St George Masonic Club Limited
ACN 000 680 651

Annual Financial Report
31 March 2011

St George Masonic Club Limited

Directors' Report

Your directors present their report together with the financial report of St George Masonic Club Limited (the company) for the year ended 31 March 2011 and the auditor's report thereon.

Directors

The directors of the company in office at any time during or since the end of the financial year are:

Stephen A Romans	President
Gregory F Kerr	
Ronald M Haira	
Geoffrey C Sim	
Brian G Griggs	
Kenneth R Tildsley	
Warren Drew	
John Brooks	
Reynir Potter	Appointed 18 July 2010
Bruce McCann	Not re-elected 18 July 2010

Information on directors

Stephen A Romans	Manager Appointed to Board 2003 President
Gregory F Kerr	Allocator Appointed to Board 2002 Senior Vice President
Ronald M Haira	Retired Businessman Appointed to Board 2005 Junior Vice President
Geoffrey C Sim	Retired Businessman Appointed to Board 1992 Treasurer
Brian G Griggs	Retired Business Contractor Appointed to Board 1992 Past President
Kenneth R Tildsley	Retired Public Servant Appointed to Board 2004
Warren Drew	Self employed Locksmith Appointed to Board 2006
John Brooks	Self employed Carpet Layer Appointed to Board 2006
Reynir Potter	Paramedic Appointed to Board 18 July 2010
Bruce McCann	Retired Electrical Supervisor Not re-elected 18 July 2010

St George Masonic Club Limited

Directors' Report (continued)

Directors' meetings

The number of directors' meetings including meetings of committees of directors and number of meetings attended by each of the directors of the company during the financial year are:

Director	BOARD MEETINGS		SPECIAL MEETINGS	
	Meetings Attended	Meetings * Held	Meetings Attended	Meetings * Held
Romans S A	12	12	3	3
Kerr G F	12	12	3	3
Haira R M	12	12	2	3
Sim G C	11	12	2	3
Griggs B G	10	12	3	3
Tildsley K R	11	12	3	3
Drew W	12	12	3	3
Brooks J	11	12	3	3
Potter R	5	9	1	2
McCann B	-	3	-	1

* Number of meetings held during the time the director held office during the year.

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 March 2011 and the comparison with last year is as follows:

	2011	2010
Full (Ordinary Members)	195	194
Associates (Widows and Wives)	86	88
Social	5,612	5,391
	<hr/>	<hr/>
	5,893	5,673
	<hr/> <hr/>	<hr/> <hr/>

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he or she is a member or within one year thereafter.

Operating result

The net profit from ordinary activities before tax for the year amounted to \$44,215 (2010: \$51,762). This resulted after charging \$857,791 (2010: \$797,435) for depreciation/amortisation and after crediting \$27,000 for impairment losses on intangible assets (2010: charging \$24,728) and before crediting \$11,329 (2010: \$547) for income tax.

St George Masonic Club Limited

Directors' Report (continued)

Objectives

Short term

The Club's main short term objective is to provide a Licensed Social Club that is a family friendly destination that continues to support Local Sporting Clubs and the Local Community while in the short term always being mindful to strive for financial sustainability.

Long term

To strengthen the clubs financial position by retiring debt whilst always striving to improve our clubs services, facilities and amenities for all to enjoy.

Strategy for Achieving the Objective

The Club conducts a Strategic Review of its operation annually and undertakes a number of strategic pillars to achieve these objectives such as providing:

- Detailed budgets, cash flows and other forecasts are prepared and used as a mainstream managements and Board tool.
- Strong Customer Focused by the development of our team.
- To constantly review our business operations to ensure efficiencies.
- Growing our Business.
- Being a good corporate citizen and by supporting the Local Sporting Clubs and Local Community.
- Providing great facilities that are constantly improving to meet and exceed our member's expectations in alignment with sound business plans, ensuring it suits the ever changing market.

Principal Activities

The principal activity of the company during the year has continued to be that of a licensed social club.

There have been no significant changes in the nature of these activities during the year.

How these activities assist in achieving the objectives

The principal activities of the Club outlined above are consistent with the Club achieving the objectives with each stated strategy designed to enhance and improve the Club's facility and ensure delivery of quality facilities of a Licensed Social Club.

Performance measurement and key performance indicator

The Club has detailed budgets and cash flows developed for the ensuing year. The performance for the year is scrutinized on an ongoing, monthly basis, using the budget to industry benchmarks from the Club industry. Some of the criteria are as follows:

- Gross Profit Margins
- Detailed wages to sales analysis
- Detailed profit and loss accounts
- Balance sheet analysis
- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Cash flow

St George Masonic Club Limited

Directors' Report (continued)

Performance measurement and key performance indicator (Continued)

Non Financial Performance is assessed by a variety of measures including:

- Membership numbers
- Patron feedback
- Staff involvement and feedback
- Comparison to industry trends and initiatives

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 on page 5.

Signed in accordance with a resolution of the directors.

Dated at Mortdale this 24th day of May 2011.

Gregory Kerr
Vice - President

St George Masonic Club Limited
Auditor's Independence Declaration

As lead auditor for the audit of St George Masonic Club Limited for the year ended 31 March 2011, I declare that to the best of my knowledge and belief there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect to St George Masonic Club Limited during the year.

PKF

Paul Cheeseaman
Partner

24 May 2011

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Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia

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St George Masonic Club Limited Independent Audit Report



Chartered Accountants
& Business Advisers

To the members of St George Masonic Club Limited

Report on the Financial Report

We have audited the accompanying financial report of St George Masonic Club Limited, which comprises the Statement of Financial Position as at 31 March 2011, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, 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 – Reduced Disclosure Requirements 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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St George Masonic Club Limited
Independent Audit Report (continued)



Auditor's Opinion

In our opinion the financial report of St George Masonic Club Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the entity's financial position as at 31 March 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and

PKF

Paul Cheeseman
Partner

24 May 2011

St George Masonic Club Limited

Directors' Declaration

The directors of St George Masonic Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 9 to 32, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 March 2011 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Corporations Regulations 2001.
- (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.

Signed in accordance with a resolution of the directors.

Dated at Mortdale this 24th day of May 2011.

Gregory Kerr
Vice - President

St George Masonic Club Limited
Statement of Comprehensive Income
For the Year Ended 31 March 2011

	Note	2011 \$	2010 \$
Revenue from continuing operations			
Sale of goods		1,190,029	1,201,791
Rendering of services		3,771,399	3,643,221
Other revenue		74,913	65,509
		<hr/>	<hr/>
Total revenue from continuing operations	2	5,036,341	4,910,521
		<hr/>	<hr/>
Expenses			
Cost of sales		(480,023)	(503,660)
Employee benefits expense		(1,216,410)	(1,172,665)
Entertainment, marketing and promotional costs		(558,636)	(523,337)
Rental expenses		(6,839)	(8,815)
Poker machine licences and taxes		(673,801)	(658,598)
Occupancy expenses		(720,504)	(673,313)
Other expenses from ordinary activities		(311,165)	(288,829)
		<hr/>	<hr/>
		(3,967,378)	(3,828,846)
		<hr/>	<hr/>
Earnings before depreciation and amortisation expense, finance costs and impairment adjustments		1,068,963	1,081,304
Depreciation and amortisation expenses	3(a)	(857,791)	(797,435)
Finance costs	3(a)	(193,957)	(207,379)
Impairment Loss	3(a)	-	(24,728)
Reversal of impairment loss	3(a)	27,000	-
		<hr/>	<hr/>
Profit before income tax		44,215	51,762
Income tax benefit	4(a)	11,329	547
		<hr/>	<hr/>
Net profit from continuing operations after income tax benefit attributable to members	15	55,544	52,309
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income for the year, net of tax		55,544	52,309
		<hr/>	<hr/>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 13 to 32.

St George Masonic Club Limited
Statement of Financial Position
As at 31 March 2011

	Note	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents		327,541	350,977
Trade and other receivables	5	10,830	5,566
Financial assets	8	750	750
Inventories	6	54,328	52,925
Other	7	24,719	36,175
		<hr/>	<hr/>
Total Current Assets		418,168	446,393
Non-Current Assets			
Property, plant and equipment	9	6,415,021	6,659,239
Deferred tax assets	4(c)	54,680	43,351
Intangible assets	10	177,000	150,000
		<hr/>	<hr/>
Total Non-Current Assets		6,646,701	6,852,590
		<hr/>	<hr/>
Total Assets		7,064,869	7,298,983
LIABILITIES			
Current Liabilities			
Trade and other payables	11	524,606	396,504
Financial liabilities	12	566,884	596,653
Employee benefits	13	205,186	190,774
Other liabilities	14	27,436	24,894
		<hr/>	<hr/>
Total Current Liabilities		1,324,112	1,208,825
Non-Current Liabilities			
Financial liabilities	12	1,657,691	2,076,787
Employee benefits	13	16,578	11,619
Other liabilities	14	52,961	43,769
		<hr/>	<hr/>
Total Non-Current Liabilities		1,727,230	2,132,175
		<hr/>	<hr/>
Total Liabilities		3,051,342	3,341,000
		<hr/>	<hr/>
Net Assets		4,013,527	3,957,983
Members' Funds			
Retained profits	15	4,013,527	3,957,983
		<hr/>	<hr/>
Total Members' Funds		4,013,527	3,957,983
		<hr/>	<hr/>

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 13 to 32.

St George Masonic Club Limited
Statement of Changes in Equity
For the Year Ended 31 March 2011

	Retained Earnings \$	Total Equity \$
Balance at 1 April 2009	3,905,674	3,905,674
Total comprehensive income for the year	52,309	52,309
	<hr/>	<hr/>
Balance at 31 March 2010	3,957,983	3,957,983
Total comprehensive income for the year	55,544	55,544
	<hr/>	<hr/>
Balance at 31 March 2011	<u>4,013,527</u>	<u>4,013,527</u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 13 to 32.

St George Masonic Club Limited
Statement of Cash Flows
For the Year Ended 31 March 2011

	2011	2010
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	5,452,307	5,333,156
Payments to suppliers and employees	(4,294,261)	(4,271,501)
Interest received	11,313	8,471
Rent received	56,726	57,038
Finance costs paid	(193,957)	(207,379)
Income tax refunds received	-	3,292
	<hr/>	<hr/>
Net cash inflows from operating activities	1,032,128	923,077
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Proceeds from sale of property, plant and equipment	10,000	12,500
Payment for property, plant and equipment	(616,699)	(696,619)
Payment for intangible assets	-	(42,728)
	<hr/>	<hr/>
Net cash outflows from investing activities	(606,699)	(726,847)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Repayment of borrowings	(292,500)	(250,000)
Finance lease payments	(26,280)	(7,300)
Proceeds from finance lease agreements	-	78,840
Proceeds from hire purchase agreements	195,894	319,319
Hire purchase payments	(325,979)	(373,685)
	<hr/>	<hr/>
Net cash outflows from financing activities	(448,865)	(232,826)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(23,436)	(36,596)
Cash and cash equivalents at the beginning of the financial year	350,977	387,573
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	327,541	350,977
	<hr/>	<hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 13 to 32.

St George Masonic Club Limited
Notes to the Financial Statements
For the Year Ended 31 March 2011

1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

In preparing the financial report the company has taken the exemptions available to non profit entities.

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The financial statements of the St George Masonic Club Limited comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

Historical Cost Convention

These 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 non-current assets, financial assets and financial liabilities.

(b) Revenue Recognition – Note 2

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised when the services are provided.

Interest Revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Sale of Property, Plant and Equipment

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as revenue at the date control of the asset passes to the buyer.

St George Masonic Club Limited
Notes to the Financial Statements
For the Year Ended 31 March 2011 (continued)

1 Summary of Significant Accounting Policies (continued)

(c) 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, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(d) Finance Costs – Note 3

Finance costs include interest or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets, which take more than 12 months to get ready for their intended use or sale. In these circumstances, finance costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of finance costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, finance costs are capitalised using a weighted average capitalisation rate.

(e) Income Taxes – Note 4

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the comprehensive Statement of Financial Position liability method whereby:

- The tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- Current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

St George Masonic Club Limited
Notes to the Financial Statements
For the Year Ended 31 March 2011 (continued)

1 Summary of Significant Accounting Policies (continued)

(f) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts.

(h) Trade and Other Receivables – Note 5

Trade debtors and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

(i) Inventories – Note 6

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

(j) Leased Assets

Leases under which the company assumes substantially all the risks and benefits incidental to the ownership of the assets but not the legal ownership are classified as finance leases. Other leases are classified as operating leases.

Finance Leases – Note 12

A lease asset and a lease liability are recorded at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Operating Leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Notes to the Financial Statements

For the Year Ended 31 March 2011 (continued)

1 Summary of Significant Accounting Policies (continued)

(k) Use and Revisions of Accounting Estimates

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are review on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only period, or in the period of the revision and future periods if the revision affects both current and future periods.

(l) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets such as trading and available-for-sale securities is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

(m) Property, Plant and Equipment – Note 9

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

	2011	2010
Buildings	40 years	40 years
Plant and equipment	4-10 years	4-10 years
Poker machines	4 years	4 years
Motor vehicles	4 years	4 years
Leased plant and equipment	3 years	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Financial Statements

For the Year Ended 31 March 2011 (continued)

1 Summary of Significant Accounting Policies (continued)

(m) Property, Plant and Equipment – Note 9 (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income. When revalued assets are sold the amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

(n) Intangible Assets – Note 10

Poker Machine Entitlements

Poker machine entitlements are not amortised. Instead, poker machine entitlements are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

(o) Trade and Other Payables – Note 11

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

(p) Financial Liabilities – Note 12

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

(q) Employee Benefits – Note 13

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

St George Masonic Club Limited
Notes to the Financial Statements
For the Year Ended 31 March 2011 (continued)

1 Summary of Significant Accounting Policies (continued)

(q) Employee Benefits – Note 13 (Continued)

Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

Superannuation Plan

The company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

(r) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(s) Customer Loyalty Program

The company operates a loyalty program where customers accumulated points for dollars spent. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

(t) New Accounting Standards and Interpretations

Adoption of New Accounting Standards

Early adoption of standards

The entity has elected to apply the following pronouncements to the annual reporting period beginning 1 April 2010:

- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The early adoption of AASB 1053 enables the entity to be part of the Tier 2 reporting requirements for general purpose financial statements. The Tier 2 reporting framework comprises the recognition and measurement requirements of Tier 1 but substantially reduced disclosure requirements. The entity is eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements and has adopted the requirements of the standard effective from the financial year ended 30 March 2011.

St George Masonic Club Limited

Notes to the Financial Statements

For the Year Ended 31 March 2011 (continued)

	2011	2010
	\$	\$
2 Revenue from Continuing Operations		
Sale of Goods Revenue		
Bar sales	1,190,029	1,201,791
	<hr/>	<hr/>
	1,190,029	1,201,791
	<hr/>	<hr/>
Rendering of Services Revenue		
Poker machines – net clearances	3,529,689	3,382,142
Members' subscriptions	33,238	47,012
Entertainment and promotions	46,196	51,121
Keno sales	68,357	63,328
Commission received	93,884	99,465
Sundry income	35	153
	<hr/>	<hr/>
	3,771,399	3,643,221
	<hr/>	<hr/>
Other Revenues		
Interest received	11,313	8,471
Rent received	56,726	57,038
Net gain on disposal of non-current assets	6,874	-
	<hr/>	<hr/>
	74,913	65,509
	<hr/>	<hr/>
Total revenue from continuing operations	5,036,341	4,910,521
	<hr/>	<hr/>

St George Masonic Club Limited
Notes to the Financial Statements
For the Year Ended 31 March 2011 (continued)

	2011 \$	2010 \$
3 Expenses		
(a) Profit before income tax includes the following specific expenses /(income):		
Finance costs		
Bank loans and overdraft	137,719	139,978
Loan funding	3,775	3,889
Hire purchase charges	52,463	63,512
	193,957	207,379
Rental expense relating to operating leases		
Minimum lease payments	6,839	8,815
Depreciation		
Buildings	103,500	103,500
Plant and equipment	276,074	252,003
Poker machines	450,883	399,612
Motor vehicles under hire purchase	4,656	4,656
Amortisation		
Leased plant and equipment	22,678	37,664
	857,791	797,435
Net expense from movements in provision for		
Employee benefits	19,371	13,316
	93,258	88,663
Contribution to superannuation plans		
	-	12,127
	-	24,728
Impairment loss on intangible assets		
	(27,000)	-
Reversal of impairment losses recognised on intangible assets	(27,000)	-

St George Masonic Club Limited

Notes to the Financial Statements

For the Year Ended 31 March 2011 (continued)

	2011 %	2010 %
3 Expenses (continued)		
(b) Key Performance Indicators		
Bar		
Gross profit percentage	59.7	58.1
Wages to sales percentage	30.5	31.1
Wages and salaries (including on-costs) – percentage of total revenue	24.2	23.9
EBITDA percentage (excludes impairment)	21.2	22.0

4 Income Tax

(a) Income Tax Expense

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 non-members and from outside entities.

	2011 \$	2010 \$
The amount set aside for income tax in the Statement of Comprehensive Income has been calculated as follows:		
Proportion of income attributable to non-members	962,067	1,279,056
Less: Proportion of expenses attributable to non-members	(888,928)	(1,171,060)
	<hr/>	<hr/>
Add: Other taxable income	73,139 247,459	107,996 245,482
	<hr/>	<hr/>
Less: Other deductible expenses	320,598 (369,704)	353,478 (353,478)
	<hr/>	<hr/>
Net income subject to tax	(49,106)	-
Transfer to tax losses carried forward	49,106	-
	<hr/>	<hr/>
Net income subject to tax	-	-
	<hr/>	<hr/>
Income tax attributable to operating profit at a rate of 30%	-	-
Increase in deferred tax assets	(11,329)	(547)
	<hr/>	<hr/>
Income tax benefit	(11,329)	(547)
	<hr/>	<hr/>

St George Masonic Club Limited
Notes to the Financial Statements
For the Year Ended 31 March 2011 (continued)

4 Income Tax

	2011 \$	2010 \$
(b) Current Tax (Assets)/Liabilities		
Movements during the year:		
Balance at beginning of year	-	(3,292)
Income tax paid	-	-
Income tax refunds received	-	3,292
Current year's income tax expense on profit from ordinary activities	-	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>
(c) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Employee benefits	13,459	16,861
Tax losses	41,222	26,490
	<hr/>	<hr/>
Net deferred tax assets	54,680	43,351
	<hr/>	<hr/>
Movement during the year:		
Balance at the beginning of the year	43,351	42,804
Credited to the Statement of Comprehensive Income	11,329	547
	<hr/>	<hr/>
	54,680	43,351
	<hr/> <hr/>	<hr/> <hr/>
5 Trade and Other Receivables		
Current		
Sundry Debtors	10,830	5,566
	<hr/>	<hr/>

St George Masonic Club Limited

Notes to the Financial Statements

For the Year Ended 31 March 2011 (continued)

	2011	2010
	\$	\$
6 Inventories		
Finished goods – at cost	54,328	52,925
	<hr/>	<hr/>
7 Other Assets		
Current		
Prepayments	24,719	36,175
	<hr/>	<hr/>
8 Current Financial Assets		
Shares – at cost	750	750
	<hr/>	<hr/>

St George Masonic Club Limited

Notes to the Financial Statements

For the Year Ended 31 March 2011 (continued)

	2011 \$	2010 \$
9 Property, Plant and Equipment		
Freehold Land and Buildings <i>At cost</i>	750,000	750,000
Buildings and Improvements <i>At cost</i>	4,140,123	4,140,123
<i>Accumulated depreciation</i>	(556,774)	(453,274)
	3,583,349	3,686,849
Total Land, Buildings and Improvements	4,333,349	4,436,849
Plant and Equipment <i>At cost</i>	3,197,847	2,933,086
<i>Accumulated depreciation</i>	(2,213,974)	(1,937,900)
	983,873	995,186
Poker Machines <i>At cost</i>	2,741,067	2,416,574
<i>Accumulated depreciation</i>	(1,725,688)	(1,299,124)
	1,015,379	1,117,450
Motor Vehicles Under Hire Purchase <i>At cost</i>	31,037	31,037
<i>Accumulated depreciation</i>	(11,646)	(6,990)
	19,391	24,047
Leased plant and equipment <i>At capitalised cost</i>	143,194	224,254
<i>Accumulated amortisation</i>	(80,165)	(138,547)
	63,029	85,707
Work in progress <i>At cost</i>	-	-
Total property, plant and equipment net book value	6,415,021	6,659,239

Refer to Note 12 for details of security over property, plant and equipment.

Notes to the Financial Statements

For the Year Ended 31 March 2011 (continued)

9 Property, Plant and Equipment (continued)

Valuation

The independent valuation of the company's land and buildings was carried out as at April 2009 by Sydney Valuation Services on the basis of open market value for existing use and resulted in a valuation of \$7,350,000. As land and buildings are recorded at cost the valuation has not been brought to account.

	2011 \$	2010 \$
Reconciliations		
Movements in Carrying Amounts		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
Buildings and Improvements		
Carrying amount at beginning of year	3,686,849	3,790,349
Depreciation expense	(103,500)	(103,500)
	<hr/>	<hr/>
Carrying amount at end of year	3,583,349	3,686,849
	<hr/>	<hr/>
Plant and Equipment		
Carrying amount at beginning of year	995,186	990,469
Transfer from work in progress	18,880	200,017
Additions	245,881	56,703
Depreciation expense	(276,074)	(252,003)
	<hr/>	<hr/>
Carrying amount at end of year	983,873	995,186
	<hr/>	<hr/>
Poker Machines		
Carrying amount at beginning of year	1,117,450	1,164,485
Additions	351,938	375,859
Disposals	(3,126)	(23,282)
Depreciation expense	(450,883)	(399,612)
	<hr/>	<hr/>
Carrying amount at end of year	1,015,379	1,117,450
	<hr/>	<hr/>
Motor Vehicles under Hire Purchase		
Carrying amount at beginning of year	24,047	28,703
Depreciation expense	(4,656)	(4,656)
	<hr/>	<hr/>
Carrying amount at end of year	19,391	24,047
	<hr/>	<hr/>

St George Masonic Club Limited
Notes to the Financial Statements
For the Year Ended 31 March 2011 (continued)

	2011 \$	2010 \$
9 Property, Plant and Equipment (continued)		
Reconciliations (continued)		
Leased Plant and Equipment		
Carrying amount at beginning of year	85,707	45,876
Additions	-	78,840
Disposals	-	(1,345)
Amortisation	(22,678)	(37,664)
	<hr/>	<hr/>
Carrying amount at end of year	63,029	85,707
	<hr/>	<hr/>
Work in Progress		
Carrying amount at beginning of year	-	14,800
Additions	18,880	185,217
Transfer to plant and equipment	(18,880)	(200,017)
	<hr/>	<hr/>
Carrying amount at end of year	-	-
	<hr/>	<hr/>
Core Properties held by the Club are:		
St George Masonic Club Ltd 86 Roberts Avenue Mortdale NSW 2223		
Non-Core Properties held by the Club are:		
None		
10 Intangible Assets		
Poker machine entitlements – at cost	150,000	193,291
Impairment losses	-	(43,291)
Reversal of impairment losses	27,000	-
	<hr/>	<hr/>
Net book amount	177,000	150,000
	<hr/>	<hr/>
Reconciliation		
Opening net book amount	150,000	132,000
Additions	-	42,728
Impairment losses	-	(24,728)
Reversal of impairment losses	27,000	-
	<hr/>	<hr/>
Net book amount	177,000	150,000
	<hr/>	<hr/>

Notes to the Financial Statements

For the Year Ended 31 March 2011 (continued)

10 Intangible Assets (continued)

Impairment tests for poker machine entitlement

At the end of the reporting period the entity assessed the recoverable amount of poker machine entitlement based on the value in use methodology. The entity uses the daily net income earned (excluding GST) per machine per day and multiplies by the number of poker machine entitlements it has paid for. The value in use recoverable amount for each entitlement is calculated by dividing the total value of the entitlements with the actual number of entitlements. The value thus arrived, was in excess of the carrying value and accordingly a reversal of accumulated impairment losses was recognised.

	Note	2011 \$	2010 \$
11 Trade and Other Payables			
Trade creditors		266,437	81,364
Goods and Services Tax (GST) payable		71,534	77,085
Other creditors and accruals		186,635	238,055
		524,606	396,504
		524,606	396,504

12 Financial Liabilities

Current

Secured

Finance lease liabilities	16	26,280	26,280
Hire purchase liabilities	16	210,604	270,373
Commercial bill facility		330,000	300,000
		566,884	596,653
		566,884	596,653

Non-Current

Secured

Finance lease liabilities	16	18,980	45,260
Hire purchase liabilities	16	201,211	271,527
Commercial bill facility		1,437,500	1,760,000
		1,657,691	2,076,787
		1,657,691	2,076,787

St George Masonic Club Limited
Notes to the Financial Statements
For the Year Ended 31 March 2011 (continued)

12 Financial Liabilities (continued)

	2011 \$	2010 \$
Financing Arrangements		
The company has access to the following lines of credit:		
Total facilities available:		
Commercial bill facility	1,767,500	2,060,000
Overdraft facility	50,000	50,000
Asset finance line	250,000	250,000
Bank guarantee	5,000	5,000
	2,072,500	2,365,000
Facilities utilised at reporting date:		
Commercial bill facility	1,767,500	2,060,000
Asset finance line	250,000	237,188
	2,017,500	2,297,188

Commercial Bill Facility

The facility bears interest based on the following:

- Facility of \$1,110,000, interest payable only, fixed for 5 years at a rate of 6.99%.
- Facility of \$657,500, principal repayment of \$27,500 paid monthly, current variable rate of 5.42%.

Security

The security for the commercial bill facility and asset finance line is:

- First registered real property mortgage by the St George Masonic Club over the commercial property located at 86 Roberts Avenue, Mortdale.
- Fixed charge over the Liquor Licence of the St George Masonic Club.
- First registered fixed and floating charge over the assets and undertakings of the St George Masonic Club.

St George Masonic Club Limited

Notes to the Financial Statements

For the Year Ended 31 March 2011 (continued)

	2011 \$	2010 \$
13 Employee Benefits		
Aggregate liability for employee benefits including on-costs		
Current	205,186	190,774
Non-current	16,578	11,619
	221,764	202,393
	221,764	202,393
The present values of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:		
Assumed rate of increase in wage and salary rates	3.3%	2.1%
Discount rate	5.45%	5.8%
Settlement term (years)	10	10
Superannuation Plans		
Contributions		
The company is under a legal obligation to contribute 9% of each employee's base salary to a superannuation fund.		
14 Other Liabilities		
Current		
Income received in advance	27,436	24,894
	27,436	24,894
Non-current		
Income received in advance	52,961	43,769
	52,961	43,769
15 Retained Profits		
Retained profits at the beginning of the year	3,957,983	3,905,674
Net profit attributable to members of the company	55,544	52,309
	4,013,527	3,957,983
	4,013,527	3,957,983

Notes to the Financial Statements

For the Year Ended 31 March 2011 (continued)

	Note	2011 \$	2010 \$
16 Commitments			
Finance Lease Commitments			
Finance lease rentals commitments are payable:			
Within one year		26,280	26,280
One year or later and no later than five years		18,980	45,260
		45,260	71,540
Minimum lease payments		45,260	71,540

The company leased poker machines under finance leases which expired during the year. At the end of the lease term the company exercised the option to purchase the equipment at a price deemed to be a bargain purchase option.

Hire Purchase Commitments

Within one year	247,294	315,058
One year or later and no later than five years	242,012	325,638
	489,306	640,696
Minimum hire purchase payments	489,306	640,696

The company has purchased poker machines and other plant and equipment under hire purchase agreement expiring from one to four years. The hire purchase facility is secured against the asset purchased under this facility as disclosed in Note 12.

17 Contingent Liabilities

Mutuality Principle

The company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, eg. poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations.

Following the Full Federal Court decision in Coleambally Irrigation Mutual Co-operative Limited v FCT [2004] FCAFC 250, Tax Laws Amendment (2005 Measures No.6) Bill 2005 was tabled in Parliament on 7 December 2005 to amend the Income Tax Assessment Act 1997 to restore the long standing benefits of the mutuality principle to those non-profit organisations affected by the Coleambally decision.

These amendments will ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

St George Masonic Club Limited
Notes to the Financial Statements
For the Year Ended 31 March 2011 (continued)

18 Key Management Personnel Details

(a) Directors

The following persons were non-executive directors of the company during the financial year:

Stephen A Romans	President
Gregory F Kerr	
Ronald M Haira	
Geoffrey C Sim	
Brian G Griggs	
Kenneth R Tildsley	
Warren Drew	
John Brooks	
Reynir Potter	Appointed 18 July 2010
Bruce McCann	Not re-elected 18 July 2010

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

Name	Position
Paul O'Connor	General Manager – Appointed November 2005

(c) Key Management Personnel Compensation

	2011	2010
	\$	\$
Benefits and payments made to the Directors and Other Key Management Personnel named in (a) and (b) above	149,140	125,942
	<u> </u>	<u> </u>

St George Masonic Club Limited
Notes to the Financial Statements
For the Year Ended 31 March 2011 (continued)

19 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 18.

Directors' Transactions with the Company

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

During the year, the company paid Mr Warren Drew, a director, a total sum of \$476 (2010: \$528) for locksmith work carried out. All dealings with this director were based on normal commercial terms and conditions.

The company paid Floriart, Stephen Romans' relative's company, a total sum of \$ Nil (2010: \$242) for floral arrangement work carried out. All dealings with this director's relative were based on normal commercial terms and conditions.

Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

20 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. At 31 March 2011 there were 5,893 members.

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he is a member or within one year thereafter.

The registered office of the company is 86 Roberts Avenue, Mortdale NSW 2223.

21 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.