

KEMPSEY GOLF CLUB LIMITED

FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2011

KEMPSEY GOLF CLUB LIMITED

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KEMPSEY GOLF CLUB LIMITED

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 March 2011.

The names of the directors in office at anytime during or since the end of the year are:

	Eligible	Attended
Campbell, Raymond John	14	8
Bruce, Pamela Clair	14	13
Hillard, Richard James	14	13
Hannam, Trevor Ian	14	12
Laing, Warwick	14	10
Mercer, Peter resigned 25/1/11	12	8
Willis, Shane	14	12

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

The net loss of the company for the financial year after providing for income tax amounted to \$61,964.

A review of the operations of the company during the financial year and the results of those operations are as follows:

Revenue for the year increased by \$85,801, the most significant being poker machines up \$37,099 and golf activities up \$29,547. Offsetting this costs rose \$96,256, the most significant being employee costs \$33,509, cost of liquor \$18,767, food costs \$10,923 and finance costs \$5,788.

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

The principal activities of the company during the financial year were:

The provision of sporting facilities and social amenities.

No significant change in the nature of these activities occurred during the financial year.

No matters or circumstances have arisen since the end of the financial year which 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.

Financial Position

The net assets of the entity have decreased by \$176,964 from 31st March 2010 to 1,358,448 as at 31st March 2011. The decrease is due to the following factors:

Write down of value of poker machine entitlements by \$115,000 and trading loss of \$61,964.

Trading and Cash Position

The Company suffered a reduction in its cash position of \$57,190 being \$31,306 from trading, \$10,436 used to purchase to new equipment and \$15,445 in net loan reduction. The directors have implemented steps to reduce costs while trying to maintain services to members. The future viability of the Company is dependant upon improved trading through member support. In recent weeks a member has offered financial support to assist the Company through the current cash position.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of the State.

KEMPSEY GOLF CLUB LIMITED

DIRECTORS' REPORT

No dividends have been paid or declared since the start of the financial year.

Members are not entitled to receive dividends

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

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

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this financial report.

Signed in accordance with a resolution of the board of directors:

Director

Hillard, Richard James

Director

Laing, Warwick

Dated:

KEMPSEY GOLF CLUB LIMITED
AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF
KEMPSEY GOLF CLUB LIMITED

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

Wrights Chartered Accountants

Upper Level
59 Smith Street
KEMPSEY, NSW, 2440

: Douglas Cheetham

KEMPSEY

Dated: 1st April 2011

KEMPSEY GOLF CLUB LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 \$	2010 \$
Revenue	2	792,862	707,061
Changes in inventories of finished goods		3,197	(1,653)
Consumables used		(205,086)	(168,006)
Employee benefits expense		(304,503)	(270,994)
Depreciation and amortisation expenses		(36,307)	(30,519)
Finance costs	3	(33,064)	(27,589)
Other expenses		<u>(279,063)</u>	<u>(259,809)</u>
Profit (loss) before income tax expense	3	(61,964)	(51,509)
Income tax expense		<u>-</u>	<u>-</u>
Profit (loss) attributable to member of the company		<u>(61,964)</u>	<u>(51,509)</u>

The accompanying notes form part of these financial statements.

KEMPSEY GOLF CLUB LIMITED

BALANCE SHEET

AS AT 31 MARCH 2011

	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	6,239	50,383
Trade and other receivables	7	22,980	8,509
Inventories	8	18,420	15,223
Other current assets	9	1,410	12,435
TOTAL CURRENT ASSETS		<u>49,049</u>	<u>86,550</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,798,754	1,824,625
Intangibles	11	110,000	225,000
TOTAL NON-CURRENT ASSETS		<u>1,908,754</u>	<u>2,049,625</u>
TOTAL ASSETS		<u><u>1,957,803</u></u>	<u><u>2,136,175</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	37,441	23,168
Borrowings	13	37,108	11,212
Short-term provisions	14	33,893	39,541
Other	15	90,198	99,697
TOTAL CURRENT LIABILITIES		<u>198,640</u>	<u>173,618</u>
NON-CURRENT LIABILITIES			
Borrowings	13	365,269	388,128
Other	15	35,446	39,017
TOTAL NON-CURRENT LIABILITIES		<u>400,715</u>	<u>427,145</u>
TOTAL LIABILITIES		<u><u>599,355</u></u>	<u><u>600,763</u></u>
NET ASSETS		<u><u>1,358,448</u></u>	<u><u>1,535,412</u></u>
EQUITY			
Reserves	16	1,213,187	1,328,187
Retained profits		145,261	207,225
TOTAL EQUITY		<u><u>1,358,448</u></u>	<u><u>1,535,412</u></u>

The accompanying notes form part of these financial statements.

KEMPSEY GOLF CLUB LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2011

	Retained Earnings	Asset revaluation reserve	Total
	\$	\$	\$
Balance at 1 April 2009	258,734	1,328,187	1,586,921
Profit (loss) attributable to equity shareholders	<u>(51,509)</u>		<u>(51,509)</u>
Balance at 31 March 2010	<u>207,225</u>	<u>1,328,187</u>	<u>1,535,412</u>
Profit (loss) attributable to equity shareholders	(61,964)		(61,964)
Revaluation		<u>(115,000)</u>	<u>(115,000)</u>
Balance at 31 March 2011	<u><u>145,261</u></u>	<u><u>1,213,187</u></u>	<u><u>1,358,448</u></u>

The accompanying notes form part of these financial statements.

KEMPSEY GOLF CLUB LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Receipts from members and visitors		792,833	707,043
Payments to suppliers and employees		(791,104)	(587,806)
Interest received		29	18
Interest paid		(33,064)	(27,589)
Net cash provided by (used in) operating activities	18	<u>(31,306)</u>	<u>91,667</u>
Cash flows from investing activities			
Payment for plant & equipment		(10,436)	(91,519)
Net cash provided by (used in) investing activities		<u>(10,436)</u>	<u>(91,519)</u>
Cash flows from financing activities			
Loan advances		8,300	113,794
Repayment of loans		(18,310)	(75,456)
Payment of leave provisions		(5,438)	-
Net cash provided by (used in) financing activities		<u>(15,448)</u>	<u>38,338</u>
Net increase (decrease) in cash held		(57,190)	38,486
Cash at beginning of financial year		50,382	11,897
Cash at end of financial year	18	<u>(6,808)</u>	<u>50,382</u>

The accompanying notes form part of these financial statements.

KEMPSEY GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

This financial report covers Kempsey Golf Club Limited as an individual entity. Kempsey Golf Club Limited is a company limited by guarantee incorporated and domiciled in Australia.

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 (including Australian Accounting Interpretations) 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. 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 and 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.

GOING CONCERN

There is a deficiency of working capital of \$149,591 (2010 \$153,630). The directors have determined that the company's ability to continue operating is dependant upon the continued support of its banker, creditors and members. If the support is withdrawn then the amounts shown as assets and liabilities may not realise their book value. The directors are not aware of reason why the support would be withdrawn. The directors have successfully negotiated a settlement with Kempsey Shire Council over the outstanding rates. In the past week a member has come forward with an offer of financial support that will assist in the management of the Company's cash position and the payment of creditors.

(a) Income Tax

The company is exempt from income tax under section 50-45 of the Income Tax Assessment Act 1997. There has been no announcements by the Government that it intends to change the method of taxings Clubs predominantly provided sporting facilities for their members.

(b) Inventories

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

(c) Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by independent valuers, less subsequent depreciation for buildings.

KEMPSEY GOLF CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

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

Class of Fixed Asset:	Depreciation Rate
Buildings	0%
Course Machinery	10-25%
Poker Machines	15-30%
Kitchen Plant	2.5-20%
Furniture and Equipment	2.5-40%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Financial Instruments

Initial Recognition and Measurement

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

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

KEMPSEY GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Classification and Subsequent Measurement

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

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction of impairment.

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

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

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

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The company has not held any financial assets at fair value through profit and loss in the current or comparative financial year.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) *Held-to-maturity investments*

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

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

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

KEMPSEY GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

(v) *Financial liabilities*

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

Fair value

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

Impairment

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

(e) **Impairment of assets**

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(g) **Provisions**

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at balance date.

(h) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

KEMPSEY GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

(i) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

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

Revenue from rental properties is recognised when the company has a right to receive the rent in accordance with the lease agreement.

All revenue is stated net of the amount of goods and services tax (GST).

Life members are entitled to attend the club without paying an annual fee. They are only liable for amounts incurred during attendance of the club (Competitions Fees and Green Fees). Currently there are two life members.

Gold Members membership is a one of payment to the club bases on their life expectance. This one of payment is proportioned over the life expectance of the member.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a net basis

(k) Critical Accounting Estimates and Adjustments

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

KEMPSEY GOLF CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 \$	2010 \$
2. REVENUE AND OTHER INCOME			
Sales revenue:			
Sale of goods		353,302	306,774
Other revenue:			
Rental Revenue		2,557	3,977
Donations	2(a)	8,247	50,980
Interest Received	2(b)	30	18
Advertising		6,714	5,285
Committees		26,210	1,120
Green Fees		172,411	147,424
Playing Fees		19,173	18,024
Subscriptions		101,979	100,510
Poker Machine Net Receipts		81,447	47,151
Subsidy		10,561	17,254
Raffles - Profit		1,359	2,809
Sponsorship		8,873	5,736
Total Revenue		792,863	707,062
 (a) Donations from:			
Other corporations and individuals		8,246	50,979
 (b) Interest Received from:			
Other corporations		30	18
 3. PROFIT (LOSS)			
Expenses:			
Interest expense on financial liabilities not at fair value through profit or loss:			
External		33,064	27,589
Total interest expense		33,064	27,589
Cost of sales		201,889	169,659
 4. KEY MANAGEMENT PERSONNEL COMPENSATION			
Short-term benefits		82,149	72,791
Total compensation		82,149	72,791
 5. AUDITORS' REMUNERATION			
Auditors Remuneration		8,418	8,800

KEMPSEY GOLF CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 \$	2010 \$
6. CASH AND CASH EQUIVALENTS			
Cash in Hand		6,239	15,683
Cash at bank		-	34,700
		6,239	50,383
		6,239	50,383
7. TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade Debtors		7,843	1,235
Other debtors		15,137	7,274
		22,980	8,509
		22,980	8,509
8. INVENTORIES			
CURRENT			
At cost:			
Stock on Hand		18,420	15,223
		18,420	15,223
		18,420	15,223
9. OTHER ASSETS			
CURRENT			
Prepayments		1,410	12,435
		1,410	12,435
		1,410	12,435
10. PROPERTY, PLANT AND EQUIPMENT			
Freehold land		767,884	767,884
		767,884	767,884
Buildings		853,790	852,160
Less accumulated depreciation		(105)	-
		853,685	852,160
		853,685	852,160
Total land and buildings		1,621,569	1,620,044
		1,621,569	1,620,044
Course Machinery		340,949	339,560
Less accumulated depreciation		(240,948)	(222,662)
		100,001	116,898
		100,001	116,898
Poker Machines		118,881	118,881
Less accumulated depreciation		(85,756)	(75,390)
		33,125	43,491
		33,125	43,491
Kitchen Plant		31,917	31,096
Less accumulated depreciation		(17,063)	(14,322)
		14,854	16,774
		14,854	16,774
Furniture and Equipment		169,617	163,020
Less accumulated depreciation		(140,412)	(135,602)
		29,205	27,418
		29,205	27,418

KEMPSEY GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 \$	2010 \$
Total plant and equipment		177,185	204,581
Total property, plant and equipment		1,798,754	1,824,625
(a) Movement in carrying amounts			
For disclosure on movement in carrying amounts please refer to note 19(a) in the end of this financial report.			
11. INTANGIBLE ASSETS			
Poker Machine Entitlements at Deemed Cost		110,000	225,000
Impairment Disclosures			
The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 10-year period with the period extending beyond five years is extrapolated using an estimated growth rate. The cash flows are discounted using the yield of 10-year government bonds at the end of the period. During the year the poker machine entitlements were written down by \$115,000 to reflect current market value.			
12. TRADE AND OTHER PAYABLES			
CURRENT			
Goods & services tax		2,576	6,765
Trade Creditors		33,052	14,789
Other Creditors		1,813	1,614
		37,441	23,168
13. BORROWINGS			
CURRENT			
Bank overdraft - secured		13,047	-
Loans - bank - secured		3,738	3,509
Loans - unsecured		8,343	6,123
Loan Kempsey Shire Council - unsecured		10,400	-
Hire purchase liability		1,580	1,580
		37,108	11,212
NON-CURRENT			
Hire purchase liability		2,043	2,694
Loans - bank - secured		295,799	297,694
Loans - unsecured		19,603	21,179
Loan Kempsey Shire Council - unsecured		47,824	66,561
		365,269	388,128

KEMPSEY GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 \$	2010 \$
14. PROVISIONS			
Provision for Holiday Pay		15,570	18,492
Provision for Sick Pay		2,746	4,258
Provision for Flexi Days		(268)	2,350
Provision for Long Service Leave		15,845	14,441
		33,893	39,541
		33,893	39,541
Analysis of Total Provisions			
Current		33,893	39,541
		33,893	39,541
15. OTHER LIABILITIES			
CURRENT			
Accrued charges		17,737	32,693
Subscriptions in Advance		68,402	62,127
Gold Member Subscriptions in Advance		4,059	4,877
		90,198	99,697
		90,198	99,697
NON-CURRENT			
Gold Member Subscriptions in Advance		35,446	39,017
		35,446	39,017
16. RESERVES			
Asset Revaluation Reserve			
The asset revaluation reserve records revaluations of non-current assets. During the year the asset revaluation reserve was debited with \$115,000 reflecting the write down in value of the poker machine entitlements.			
17. COMPANY DETAILS			
The registered office and principal place of business of the company is:			
Kempsey Golf Club Limited			
330 Pacific Highway			
Kempsey NSW 2440			
18. CASH FLOW INFORMATION			
(a) Reconciliation of Cash			
Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:			
Cash		6,239	15,682
Cash at Bank		-	34,700
Bank Overdraft		(13,047)	-
		(6,808)	50,382
		(6,808)	50,382

KEMPSEY GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 \$	2010 \$
(b) Reconciliation of cash flow from operations with profit			
Profit after income tax		(61,964)	(51,509)
Non-cash flows in profit:			
Depreciation		36,307	30,519
Leave provisions		(210)	10,628
Changes in Assets & Liabilities:			
(Increase)/Decrease in Debtors		(14,470)	47,844
(Increase)/Decrease in Inventory		(3,197)	1,929
(Increase)/Decrease in Other Assets		11,025	(589)
Increase/(Decrease) in Payables		14,273	13,257
Increase/(Decrease) in Other Payables		(13,070)	39,588
Net cash provided by (used in) operating activities		<u>(31,306)</u>	<u>91,667</u>

19. DIRECTORS STATEMENT AS TO SOLVENCY

The directors have reviewed the financial statements as at 31st March 2011 and despite there being a deficiency of working capital at that date, they believe that the Company will be able to pay its debts as and when they fall due. This statement is based upon:

- profit forecasts for 2011-2012
- continued support from bankers, creditors and members
- successful completion of negotiations with Kempsey Shire Council
- offer of financial support from a member to assist with short term cash requirements
- cost savings implemented

20. CORE PROPERTY

The membership has determined that all of the property owned by the Company is core property.

KEMPSEY GOLF CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2011**

19. (a) MOVEMENT IN CARRYING AMOUNTS

Movements in carrying amounts for each class of property, plant and equipment.

	Freehold land \$	Buildings \$	Course Machinery \$	Poker Machines \$	Kitchen Plant \$	Furniture and Equipment \$	Total \$
Balance at 1 April 2009	767,885	852,160	97,809	7,286	10,387	28,098	1,763,625
Additions	-	-	33,923	45,881	7,931	3,784	91,519
Depreciation expense	-	-	(14,835)	(9,676)	(1,544)	(4,464)	(30,519)
Carrying amount at 31 March 2010	767,885	852,160	116,897	43,491	16,774	27,418	1,824,625
Additions	-	1,630	1,389	-	820	6,597	10,436
Depreciation expense	-	(105)	(18,286)	(10,366)	(2,740)	(4,810)	(36,307)
Carrying amount at 31 March 2011	767,884	853,685	100,001	33,125	14,854	29,205	1,798,754

KEMPSEY GOLF CLUB LIMITED

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 5 to 19 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 March 2011 and of the performance for the year ended on that date of the company
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable. Refer to Notes 1 and 19 relating to Going Concern and solvency.

This declaration is made in accordance with a resolution of the Board of Directors.

Director _____
Hillard, Richard James

Director _____
Laing, Warwick

Dated:

KEMPSEY GOLF CLUB LIMITED

INDEPENDENT AUDIT REPORT TO THE MEMBER OF KEMPSEY GOLF CLUB LIMITED

We have audited the accompanying financial report of Kempsey Golf Club Limited (the company) which comprises the balance sheet as at 31 March 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 director's declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report 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 Kempsey Golf Club Limited on 1st April 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

Qualification

As in previous years the Company has not depreciated buildings. This is a departure from Australian Accounting Standard AASB 116. Notwithstanding our recommendation to the Board, depreciation for the year of \$21,250 (2009 \$21,250) has not been provided in the financial report.

KEMPSEY GOLF CLUB LIMITED

INDEPENDENT AUDIT REPORT TO THE MEMBER OF KEMPSEY GOLF CLUB LIMITED

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our audit opinion we draw attention to Notes 1 and 19 in the Financial Report which indicates that a loss of \$61,964 (2009 \$51,509) and as at 31st March 2011 current liabilities exceed current assets by \$149,591. Since the end of the financial year the Company's business has been affected by wet weather which has reduced trading and cashflow. A member has put forward a proposal to provide financial support to the Company which will assist the Company in meeting its short term obligations.

Qualified Auditor's Opinion

Except for the above, in our opinion:

- a. The financial report of Kempsey Golf 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 31 March 2011 and of its 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.

Wrights Chartered Accountants

Upper Level

59 Smith Street

KEMPSEY, NSW, 2440

: Douglas Cheetham

KEMPSEY

Dated:

KEMPSEY GOLF CLUB LIMITED

DIVISIONAL PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 \$	2010 \$
Bar			
INCOME			
Trading Income:			
Main Bar		187,816	173,910
Cordials		27,952	27,226
Tobacco & Cigarettes		10,469	1,604
Confectionary machine		587	488
Sportsbet betbox		503	-
		227,327	203,228
Less Cost of Goods Sold			
Opening Stock - Liquor		7,110	9,605
Opening Stock - Cordials		2,613	1,792
Purchases- Liquor		106,797	88,030
Purchases - Freight & Cartage		2,660	2,742
Purchases - Other Items		2,702	1,543
Purchases - Cordials		13,724	14,319
Purchases - Cigarettes		8,499	1,590
		144,105	119,621
Closing Stock - Liquor		10,330	7,110
Closing Stock - Cordials		3,061	2,613
		130,714	109,898
		96,613	93,330
LESS EXPENDITURE			
Holiday Pay Provision		(801)	849
Long Service Leave Provision		705	638
Sick Leave Provision		(458)	107
Entertainment expenses		4,386	454
Laundry		2,344	1,393
Repairs and maintenance		3,028	549
Snacks		1,522	507
Superannuation		6,210	5,457
Uniforms		-	21
Wages		115,977	92,689
		132,913	102,664
NET OPERATING PROFIT (LOSS)		(36,300)	(9,334)

KEMPSEY GOLF CLUB LIMITED

**DIVISIONAL PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 \$	2010 \$
House			
INCOME			
Poker Machine Net Receipts		81,447	47,152
Poker M/C Subsidy		8,061	5,257
Raffles - Profit		1,359	2,809
		<u>90,867</u>	<u>55,218</u>
LESS EXPENDITURE			
Depreciation		10,366	9,676
Maintenance and analysis		3,635	3,455
Security costs		8,418	8,709
		<u>22,419</u>	<u>21,840</u>
NET OPERATING PROFIT		<u>68,448</u>	<u>33,378</u>

KEMPSEY GOLF CLUB LIMITED

DIVISIONAL PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 \$	2010 \$
Administration			
INCOME			
Advertising		4,773	5,284
Donations		8,246	50,979
Interest Received		29	18
		13,048	56,281
LESS EXPENDITURE			
Advertising & Promotion		1,457	3,332
Affiliation Fees		1,033	1,349
Auditors Remuneration		8,418	8,800
Bank Charges		4,540	4,768
Borrowing Expenses		-	1,567
Electricity & Gas		23,489	17,106
Holiday Pay Provision		42	849
Long Service Leave Provision		705	638
Sick Leave Provision		(458)	107
Filing fees		-	170
Fines and penalties		2,420	-
Insurance		21,751	32,412
Internet		436	1,990
Interest		32,050	24,721
Licences, Registrations, Permits		1,017	821
Postage		1,113	1,122
Printing and stationery		3,683	2,902
Repairs and maintenance		330	587
Staff Training		2,246	1,364
Superannuation		3,391	3,275
Telephone		3,176	6,093
Wages		37,683	36,395
		148,522	150,368
NET OPERATING PROFIT (LOSS)		(135,474)	(94,087)

KEMPSEY GOLF CLUB LIMITED

**DIVISIONAL PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 \$	2010 \$
Golf			
INCOME			
Advertising		1,942	-
Mens		80,669	67,758
Visitors		71,490	63,035
Ladies		8,920	5,381
Course Levy		11,332	11,250
Playing Fees		15,567	15,914
Playing Fees		3,606	2,110
Subscriptions		101,979	100,510
		<u>295,505</u>	<u>265,958</u>
LESS EXPENDITURE			
Advertising & Promotion		9,615	6,206
Affiliation Fees		12,891	9,256
Commissions Green Fees		13,477	11,046
Professional Subsidy & Mgt		16,552	16,872
Golf Cards & Sundry Expenses		164	3,684
Trophies		15,237	13,467
		<u>67,936</u>	<u>60,531</u>
NET OPERATING PROFIT		<u>227,569</u>	<u>205,427</u>

KEMPSEY GOLF CLUB LIMITED

**DIVISIONAL PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

Course	Note	2011 \$	2010 \$
INCOME			
Apprentice Wage Subsidy		2,500	2,643
Federal Govt Flood Subsidy		-	9,354
Sponsorship		8,873	5,736
		11,373	17,733
LESS EXPENDITURE			
Depreciation		18,286	14,835
Holiday Pay Provision		2,908	4,381
Long Service Leave Provision		(6)	2,589
Sick Leave Provision		(227)	651
Flexi Days Provision		(2,618)	(179)
Interest		1,015	1,300
Rates		14,846	14,865
Rent Crown land		996	980
Repairs and maintenance		41,712	58,623
Superannuation		7,324	6,724
Uniforms		81	-
Wages		81,378	76,422
Water Rates		3,920	6,677
		169,615	187,868
NET OPERATING PROFIT (LOSS)		(158,242)	(170,135)

KEMPSEY GOLF CLUB LIMITED

**DIVISIONAL PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 \$	2010 \$
Club Building			
INCOME			
Rental Income:			
Rents Received - Shed		2,557	3,977
LESS EXPENDITURE			
Cleaning Contractor		2,436	1,204
Cleaning Materials		4,896	2,263
Depreciation		7,655	6,008
Repairs and maintenance		9,049	9,689
		<u>24,036</u>	<u>19,164</u>
NET OPERATING PROFIT (LOSS)		<u>(21,479)</u>	<u>(15,187)</u>

KEMPSEY GOLF CLUB LIMITED

**DIVISIONAL PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 \$	2010 \$
Committees			
INCOME			
Committees		26,210	1,120
LESS EXPENDITURE			
Committees		<u>24,122</u>	<u>1,470</u>
		<u>24,122</u>	<u>1,470</u>
NET OPERATING PROFIT (LOSS)		<u><u>2,088</u></u>	<u><u>(350)</u></u>

KEMPSEY GOLF CLUB LIMITED

**DIVISIONAL PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 \$	2010 \$
Catering			
INCOME			
Trading Income:			
Catering		125,976	103,545
Less Cost of Goods Sold			
Opening Stock - Catering		3,000	2,980
Catering		70,704	59,781
		<hr/>	<hr/>
		73,704	62,761
Closing Stock - Catering		2,529	3,000
		<hr/>	<hr/>
		71,175	59,761
		<hr/>	<hr/>
		54,801	43,784
		<hr/>	<hr/>
LESS EXPENDITURE			
Advertising & Promotion		2,208	-
Laundry		4,688	3,380
Repairs and maintenance		1,282	1,085
Security costs		2,448	1,137
Superannuation		3,684	2,691
Wages		49,065	36,712
		<hr/>	<hr/>
		63,375	45,005
		<hr/>	<hr/>
NET OPERATING PROFIT (LOSS)		(8,574)	(1,221)
		<hr/> <hr/>	<hr/> <hr/>