



Club One (SA) Ltd
ABN 51 113 107 994

Financial Report

For the Year Ended 30 June 2010

.....
DAVID MCLEOD Director

Dated this.....day of.....2010

Club One (SA) Ltd
ABN 51 113 107 994

Directors Report

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

Directors

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

Robert Raphael
Cameron Taylor
David McLeod
Dwayne Jones
Andrew Clarke
Stanley Owens
John Dicker

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

Company Secretary

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

Mr Anthony Michael Keenan, Bachelor of Arts, Masters of Education. Mr Keenan has 24 years experience working in Public Office, Management and as a Company Director. Mr Keenan was appointed company secretary on 24 February 2005.

Principal Activity

The principal activity of the company during the financial year was the management of gaming machine entitlements on behalf of licensed clubs in South Australia. No significant change in the nature of these activities occurred during the year.

Operating Results

The profit of the company for the financial year after providing for income tax amounted to \$299,776 (2008: \$165,799 profit).

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of Operations

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant Changes in State of Affairs

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

After Balance Date Events

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

Future Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

Environmental Issues

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

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Directors Report (continued)

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Information on Directors

Robert Raphael	- Director
Qualifications	- Work educated
Experience	- Over 30 years experience in the hospitality industry. Manager Trades Hall Club for three years.
Cameron Taylor	- Director
Qualifications	- Work educated
Experience	- Manager Para Hills Community Club for 12 years / Acting manager of Renmark Hotel Inc. from November 1992 to May 1996.
David McLeod	- Chairman
Qualification	- Bch Law, Master of Public & International Law
Experience	- 32 years experience in legal practice ranging from commercial, institutional, administrative & local govt. law to licensing, projects & issues management.
Dwayne Jones	- Director
Qualifications	- Bch Management (Logistics and Supply Chain Management)
Experience	- Experience as a financial controller and bookkeeper.
Andrew Clarke	- Director
Qualifications	- Bch Arts (Social Work)
Experience	- 18 years experience with Child & Youth Services, 7 years as a Director of Community Services at Uniting Care Wesley Bowden.
Stanley Owens	- Director
Qualifications	- Associate Member of CPA Australia
Experience	- 43 years experience in accounting and management.
John Dicker	- Director
Qualifications	- Bch Business, Police Studies Certificate
Experience	- 44 years experience in law enforcement.

Meetings of Directors

During the financial year, 11 meetings of directors were held. Attendances by each director were as follows:

Directors Meetings

	Number eligible to attend	Number attended
Robert Raphael	11	10
Cameron Taylor	11	10
David McLeod	11	11
Dwayne Jones	11	9
Andrew Clarke	11	11
Stanley Owens	11	11
John Dicker	11	10

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Directors Report (continued)

Indemnifying Officer or Auditor

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.

Proceedings on Behalf 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 any 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 for the year ended 30 June 2010 has been received and can be found on page 11.

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

.....
DAVID MCLEOD Director

Dated this.....day of.....2010

Club One (SA) Ltd
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Income Statement

for the year ended 30 June 2010

	Note	2010	2009
		\$	\$
Revenue		1,868,029	1,454,283
Administrative expenses		(44,908)	(45,238)
Professional fees		(99,246)	(119,961)
Marketing expenses		(189,335)	(119,385)
Occupancy expenses		(12,817)	(12,780)
Employee/director expenses		(275,928)	(281,669)
Other expenses from ordinary activities	2	(558,126)	(353,040)
Borrowing costs expense		<u>(387,893)</u>	<u>(356,412)</u>
Profit before income tax		299,776	165,799
Income tax expense		<u>-</u>	<u>-</u>
Profit after income tax		<u><u>299,776</u></u>	<u><u>165,799</u></u>

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Balance Sheet

for the year ended 30 June 2010

	Note	2010	2009
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		20,404	159,686
Trade and other receivables	3	<u>447,807</u>	<u>194,393</u>
TOTAL CURRENT ASSETS		<u>468,211</u>	<u>354,079</u>
NON-CURRENT ASSETS			
Property, plant and equipment	4	6,548	848
Intangible assets	5	<u>8,509,299</u>	<u>7,159,699</u>
TOTAL NON-CURRENT ASSETS		<u>8,515,847</u>	<u>7,160,547</u>
TOTAL ASSETS		<u>8,984,058</u>	<u>7,514,626</u>
CURRENT LIABILITIES			
Trade and other payables	6	122,001	121,693
Interest bearing liabilities	7	<u>104,201</u>	<u>103,435</u>
TOTAL CURRENT LIABILITIES		<u>226,202</u>	<u>225,128</u>
NON-CURRENT LIABILITIES			
Interest bearing liabilities	7	<u>4,731,717</u>	<u>4,312,231</u>
TOTAL NON-CURRENT LIABILITIES		<u>4,731,717</u>	<u>4,312,231</u>
TOTAL LIABILITIES		<u>4,957,919</u>	<u>4,537,359</u>
NET ASSETS		<u>4,026,138</u>	<u>2,977,267</u>
EQUITY			
Reserves	8	4,339,992	3,590,897
Accumulated losses	9	<u>(313,854)</u>	<u>(613,630)</u>
Total equity	10	<u>4,026,138</u>	<u>2,977,267</u>

Club One (SA) Ltd
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Statement of Changes in Equity
for the year ended 30 June 2010

	Retained Earnings \$	Asset Revaluation Reserve \$	Total \$
Balance at 1 July 2008	(779,429)	3,720,000	2,940,571
Profit attributable to the entity	165,799	-	165,799
Revaluation increment	-	(129,103)	(129,103)
Balance at 30 June 2009	(613,630)	3,590,897	2,977,267
Profit attributable to the entity	299,776	-	299,776
Revaluation decrement	-	749,095	749,095
Balance at 30 June 2010	<u>(313,854)</u>	<u>4,339,992</u>	<u>4,026,138</u>

Club One (SA) Ltd
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Cash Flow Statement
for the year ended 30 June 2010

	Note	2010 \$	2009 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		1,599,242	1,429,909
Payments to suppliers and directors		(1,554,680)	(1,292,776)
Interest received		2,415	2,327
Net cash (used in)/generated from operating activities	11(a)	<u>46,977</u>	<u>139,460</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		<u>(606,512)</u>	<u>(556,892)</u>
Net cash used in investing activities		<u>(606,512)</u>	<u>(556,892)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		517,977	597,125
Decrease in borrowings		<u>(97,724)</u>	<u>(33,702)</u>
Net cash generated from financing activities		<u>420,253</u>	<u>563,423</u>
Net increase in cash held		(139,282)	145,990
Cash at the beginning of the financial year		<u>159,686</u>	<u>13,696</u>
Cash at the end of the financial year		<u><u>20,404</u></u>	<u><u>159,686</u></u>

Club One (SA) Ltd
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Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Corporations Act 2001.

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under *the Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

(a) Property, Plant and Equipment

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

Gaming Machine Entitlements

Gaming machine entitlements are revalued at fair value annually using the current market rate published on the Office of Gaming and Liquor Commissioner website.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

All assets, excluding freehold land and buildings, are depreciated on a straight line basis over their useful lives to the company.

(b) Employee Benefits

Provision is made for the company's **liability for employee benefits arising from services** rendered by employees to Balance Sheet date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on costs.

Contributions are made by the company to a nominated superannuation fund and are charged as expenses when incurred.

(c) Cash and Cash Equivalents

Cash and cash equivalents includes 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.

(d) 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 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 expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Cashflow Statement on a gross basis.

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Notes to the Financial Statements (continued)

For the year ended 30 June 2010

(e) Income Tax

The company was assessed as a taxable entity by the Australian Taxation Office on 21 November 2008 as it did not meet the conditions of *s.50-45 Income Tax Assessment Act 1997*. The Australian Taxation Office ruled that any benefit sporting bodies or sports gained from the company's activities were ancillary to the company's main purpose of operation, management and the maximising of income from gaming machines and management of same in licensed and other clubs. As a result of carry forward tax losses no income tax liability exists at balance date.

(f) Going Concern

Notwithstanding the deficiency of net assets, the financial report has been prepared on a going concern basis as the directors have received a guarantee of continued financial support and the directors believe that such financial support will continue to be made available.

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Notes to the Financial Statements (continued)
for the year ended 30 June 2010

	2010	2009
	\$	\$

NOTE 2: PROFIT BEFORE INCOME TAX

Expenses

Depreciation and amortisation	3,537	1,484
Remuneration of auditor - audit or review	2,350	2,110

NOTE 3: TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	414,317	152,683
Other debtors & accrued income	31,990	26,710
Prepayments	1,500	15,000
	447,807	194,393

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

PLANT & EQUIPMENT

At Cost	11,659	2,822
Less accumulated depreciation	(5,111)	(1,974)
Total plant & equipment	6,548	848
Total Property, plant & equipment	6,548	848

NOTE 5: INTANGIBLE ASSETS

Gaming machine entitlements	8,479,545	7,129,545
Special Clubs Licence	29,133	29,133
Borrowing costs	2,000	2,000
Less accumulated amortisation	(1,380)	(980)
	8,509,299	7,159,699

NOTE 6: TRADE AND OTHER PAYABLES

CURRENT

Trade creditors	4,962	32,958
Employee benefits	11,616	17,879
Director benefits	41,101	40,397
GST creditor	6,681	(7,182)
Accrued expenses	57,641	37,641
	122,001	121,693

NOTE 7: INTEREST BEARING LIABILITIES

CURRENT

Unsecured Loan - Other	104,201	-
	104,201	-

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Notes to the Financial Statements (continued)
for the year ended 30 June 2010

	2010	2009
	\$	\$
NON-CURRENT		
Unsecured Loan - CMS	3,956,059	3,438,082
Unsecured Loan - Other	775,659	977,584
	<u>4,731,718</u>	<u>4,415,666</u>
 NOTE 8: RESERVES		
Asset revaluation reserve	<u>4,339,992</u>	<u>3,590,897</u>
 Movements during the financial year:		
Opening balance	3,590,897	1,194,299
Revaluation of Lump Sum & Vesting GME's	749,095	2,396,598
Closing Balance	<u>4,339,992</u>	<u>3,590,897</u>
 NOTE 9: RETAINED EARNINGS		
Opening balance	(613,630)	(779,429)
Profit after income tax	299,776	165,799
Closing balance	<u>(313,854)</u>	<u>(613,630)</u>
 NOTE 10: EQUITY		
Beginning balance	2,977,267	2,940,571
Movement in asset revaluation reserve	749,095	(129,103)
Profit after income tax	299,776	165,799
Closing balance	<u>4,026,138</u>	<u>2,977,267</u>
 NOTE 11: CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	299,776	165,799
<i>Non cash flows in profit</i>		
Depreciation and amortisation	3,537	1,484
Interest Expenses	-	-
 <i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	(261,634)	(4,728)
(Increase)/decrease in other assets	13,500	(15,000)
Increase/(decrease) in payables	(2,110)	(13,114)
Increase/(decrease) in provisions	(6,092)	5,019
Cash Flows from operations	<u>46,977</u>	<u>139,460</u>

NOTE 12: MEMBERS GUARANTEE

The company is limited by guarantee. If the company is wound up, the articles of association state that each member is required to contribute a maximum of \$200 each toward meeting any outside obligations of the company. At Wednesday 30 June 2010 the number of members was 2 (2009:2)

Club One (SA) Ltd
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Directors Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 10 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001;and
 - (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the financial year ended on that date of the company in accordance with the accounting policies described in Note 1 to the financial statements.
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 with the continuing support of creditors.

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

.....
DAVID MCLEOD Director

Dated this.....day of.....2010