



**WANGI DISTRICT WORKERS CLUB LIMITED
(ACN 001 029 241)**

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

WANGI DISTRICT WORKERS CLUB LIMITED

PRESIDENTS REPORT
FOR THE YEAR ENDED 30 JUNE 2009

Dear Member,

We have come to the end of another interesting year with the worldwide financial problems, increased taxes on our gaming revenue and a severe downturn in the housing market. Despite all this we managed to post what we believe to be a satisfactory result for the year. This result is no doubt due to our professional management team and our friendly and dedicated staff not forgetting of course the support of you, the members.

The Summerhill Park complex has matured attractively with the growth of trees and shrubbery and continues to remain fully occupied under our Management Team of Sandra and Terry. Its contribution to our results cannot be ignored..

It is acknowledged that occupancy of the Wangi Shores Village has not moved as quickly as we hoped due no doubt to weak real estate market generally however, the change in agents, the most recent advertising campaign along with efforts of our managers Rick and Cathy has considerably improved this situation and we now look forward with renewed confidence to the future.

Meanwhile we are convinced this will be a great investment for the Club in the long term,

Entertainment, Monthly Buffet Luncheons and Raffle Nights have been well attended by our loyal members and I express my personal thanks to them and hope to see you all again in the coming year. Over the past 12 months we have been able to assist a wide range of individuals and organizations and you can all be proud of your contributions to these causes.

Sincere condolences from myself and the Board go to all those who lost loved ones during the year and may the future be brighter and bring you much pleasure.

Finally thank you for allowing me the honour of serving as your President for the past year and I assure you that I along with the hard working Board Members will do all in our power to ensure the long term viability of this, the great Wangi District Workers Club.

Barry Lawry
President 2008/09

WANGI DISTRICT WORKERS' CLUB

TREASURER'S REPORT FOR THE YEAR ENDED 30 JUNE 2009

The Annual Report presents a set of consolidated financial figures representing the overall results of the Club's activities for the twelve months to 30th June 2009. This overall result shows a loss for the year of \$ 355,470 after making provision for depreciation and amortisation of \$ 1,003,854.

To better understand how this result came about, it is necessary to segregate the major operating elements of the Club. These were highlighted in last year's Annual Report, as follows :

- (a) the core recreational and leisure operations of the Club.
- (b) Summerhill Park residential village.
- (c) Wangi Shores Retirement Village.

1. Club Operations

Club Operations recorded a profit before tax for the year of \$411,169 (up from \$379,402 in 2007-2008) – a particularly pleasing result, given the overall national economic environment that prevailed throughout the period. This was after provision for depreciation, and amortisation of buildings of \$380,091.

Bar trading was well ahead of 2007-2008 result (\$435,294 versus \$368,321), reflecting very strong patronage. Poker machine net results declined marginally (2.9%) relative to 2007-2008 (\$1,571,795 versus \$1,618,385). This is against a backdrop of the general economic climate, and progressive recovery from implementation 2 years ago of smoking restrictions, and in July 2008 of a full smoking ban within Club premises. This result compares very favourably with industry standards, with many Clubs suffering a 12-15% decline.

Paper Gaming (Keno / TAB) returned a surplus of \$62,793 (up \$47,427 on 2007-2008) due to increases in commission (\$14,380) and significant reduction in the proportion of bar wages assigned to this operational area.

Administrative Expenses rose approximately \$90,000 to \$1,055,406 for the year – with wages and associated costs accounting for approximately half of this rise. Other increases occurred in energy costs, marina maintenance, bookkeeping expenses, and subscriptions/licences. Other costs associated with conduct of the Club's core business affairs were well contained, and consistent with previous years.

2. Summerhill Park

Summerhill Park operations recorded a loss of \$198,362 for the year (an improvement on the 2007-2008 loss of \$216,241). This is after provision for depreciation of \$215,472. This result shows Summerhill Park becoming cash-positive for the first time, as the construction loan is progressively paid down – now sitting at \$2,822,000. As the annual interest expense of \$183,326 and bank charges of \$49,657 continue to diminish (down approx \$18,000 this year from 2007-2008), Summerhill Park is expected to move steadily towards profitability

Rental income increased in line with Consumer Price Index adjustments, and the village maintained effectively 100% occupancy throughout the year. Other operating expenses showed only minor variations, consistent with normal year-on-year fluctuations.

The Commonwealth Bank financing arrangements for Summerhill Park include a covenant that the Club's financial performance will achieve Earnings Before Interest and Depreciation (EBITDA) of \$200,000 per quarter, and the Club is obliged to report quarterly to the Bank in this regard. The Club met this requirement for all but one quarter, when the result was just below target – but achieved \$800,000 for the year.

3. Wangi Shores

Wangi Shores operations recorded a loss of \$601,854 for the year (up dramatically from the 2007-2008 loss of \$111,695). This is after provision for depreciation and impairment write-down of \$408,291, and bringing to account a reduction in expected Stage 1 construction profit of \$47,653. The factors behind this result are quite complex, and varied in nature. The following points are presented by way of explanation.

- i. Stage 1 of the Village (32 residential Units) was completed in November 2007, and occupancy commenced. At the start of this financial year, five (5) Units had been 'sold' (long term lease), with deposits on a further four (4). During the 12 months to June 2009, occupancy and / or settlement had occurred on ten (10) Units, with deposits in place on a further three (3). This rate of disposal was significantly less than initially targeted, with a projection of twenty-two (22) used in preparing the 2008 Financial Statements.
- ii. Difficulty in successfully marketing the Village was attributed to the general worldwide economic downturn, and particularly the demise of the local real estate industry. Most potential residents needed to sell their current residences before acquiring a Village Unit.
- iii. In March 2009, the Construction Loan with Suncorp Metway was refinanced through BankWest, at a much more favourable interest rate.
- iv. Concerned at the unacceptably slow transaction rate, the Project Partners (JML Group and the Club) in consultation with marketing-agent Robinson Property, took corrective action in May 2009. Prices on selected Units were revised down by approximately 5%, an amended Deferred Management Fee model was introduced, calculated on entry price instead of exit price, and a 2% per annum reduction in the rate of Deferred Management Fee accrual was offered until completion of the Clubhouse in Stage 2. This action was aimed at gaining a meaningful marketing edge over other Retirement Villages. In June, a concentrated media marketing campaign was launched, as well as direct follow-up of known potential clients.
- v. At the time of preparing this report (mid September), settlement had occurred on three further Units (total 13) and substantial deposits were in place on a further eight (8) Units. Although settlement on these is still linked to property transactions, indications of an improving real estate market give cause for increasing confidence. The current scenario is more favourable than that which has prevailed throughout most of the last 12 months.
- vi. The Australian Accounting Standards, which the Club is obliged to apply, require that an estimate be made of future 'sales', the associated 'sale' prices, and the interest accrual as the establishment loan is paid out. These estimates must be brought to account. This process was applied for the 2007-2008 Financial Report, and again this year.
- vii. The assumptions made in preparing 2007-2008 accounts were as follows:
 - (a) Prices then being advertised in the market place would be achieved.
 - (b) 'Sales' would occur at the rate of three Units each 2 months i.e. 18 Units over 12 months.
 - (c) Interest at the then-prevailing rate of 12.455% would continue.
- viii. At 30th June 2009, corresponding assumptions had to be made as input to the current accounts. These assumptions have been made using the status outlined in Item (v) above as a basis. The current set of assumptions are :
 - (a) Units on which deposits currently held to be settled over the next 7 months.
 - (b) Sales to continue such that the BankWest Loan is extinguished by July 2010. At that point 29 Units would be sold, two (2) still available for sale, with Unit 72 retained as the Temporary Clubhouse until completion of Stage 2.
 - (c) Prices reduced by approximately 5% relative to the original price schedule.
 - (d) 95% of sales revenue to be applied to the Loan, with the balance to offset legal fees and marketing expenses.
 - (e) Interest rate during the balance of the Loan to be 6% (currently 5.16%).
- ix. The effects of the differences between the 2007-2008 assumptions and the 2008-2009 assumptions have had to be brought to account, and have had major impact on the content of this year's Wangi Shores financial performance.
- x. In particular the 5% variation in 'sale' price has impacted the value of the Village on the Club's Balance sheet – the initial valuation being premised on market return. The expense item of 'impairment write-down' (calculated after allowing for accumulated depreciation), of \$112,493 reflects this factor.
- xi. The 2008 model assigned more than 97% of Unit sale prices to pay down the Loan –under-estimating marketing and legal expenses. This led to over-estimating the rate of reduction in Loan

Balance, and under-estimating Interest payable. Adjustment in 2009 to a more realistic 95% brings this under-estimate to account as an expense.

- xii. Based upon the 2008 account assumptions, Stage 1 of the project contributed a Club construction profit of \$180,125. Since that figure was reported, the out-turn has been impacted by (a) increased interest burden (due to the longer Loan term), (b) reduction in Unit prices, (c) design variations and additional equipment required since completion funded by Project partners, Club and JML, (d) variation in performance bonus, (e) interest rate reduction and (f) variations in agents commissions, legals and advertising. The compound effect of these variations results in a reduction in the Club's estimated Stage 1 construction profit of \$47,653. This amount has been brought to account as an 'expense'.
- xiii. The amendment to the Deferred Management Fee model halved the expected Income from this source during the current year. And the fact that Village occupancy was very much less than expected resulted in significantly reduced income from Recurrent Charges – the weekly fee that Residents pay to contribute to Village operating costs. It should be noted that in accounting for this Income (that is accruing now, but is not realised until Unit re-sale occurs), a Discount Rate of 10% has been applied, with an estimated average occupancy of 10 years. This under-estimates the dollar value of Deferred Management Fee income that will be realised in future years.
- xiv. Day-to-day operating costs were substantially as expected, given the partially occupied status of the Village. Although in excess of income by approx. \$100,000 (after the above exceptional items have been set aside), this imbalance will be progressively reduced as Stage 1 comes up to full occupancy, and with the further development of Stages 2 and 3.

I reiterate the advice in last year's Report, that the Board has reaffirmed not to start Stage 2 of the Project until Stage 1 'sales' have allowed the construction loan to be fully discharged.

Wangi Shores Stage 1 has indeed been a larger financial impost on the Club than was anticipated. This is an unfortunate consequence of the global economic climate, the depressed nature of the local real estate market, and the impact that a disturbed and uncertain Australian economy has had on the target population. There is optimism that the worst is now behind us – and that the consequences of the global recession have been brought to account within the current financial year, via the accounts now presented.

Although concessions were needed to more effectively market Stage 1 of the Project, and 'soften' the effect of borrowings still running at \$7.5 million, there is confidence in the long-term commercial viability of the Wangi Shores development, particularly as subsequent Stages come to fruition. As more favourable circumstances evolve, the commercial elements of future Resident Leases will be reviewed, to secure the best possible return to the Club.

4. Balance Sheet

It is noteworthy that the Club's Current Assets have improved by \$355,000 – primarily by way of increased Cash holdings. There will continue to be a strong focus on maintaining and improving this level of liquidity, as a contingency provision against Wangi Shores resident departure while less than 100% occupancy prevails.

The compounding effect of Depreciation across all areas, plus the 'write-down' on Wangi Shores has resulted in a decline in Non-Current Assets by \$657,000 to \$25,717,797.

The Liability side of the Balance Sheet is heavily distorted by the fact that both the Wangi Shores Establishment Loan with BankWest (to be paid off as 'sales' occur), and the Residents' 'Sales' Loans (to be refunded when residents vacate the Village) are classified as "Current Liabilities" – representing \$13,300,000 (95.4%) of the Club's Current Liabilities.

The major Non-Current Liability of \$2,594,000 represents the residual loan balance on Summerhill Park construction borrowings payable beyond the next 12 months.

The overall effect of the Loss scenario presented above as the 'bottom line' outcome of the year's activity is a decline in Club Net Assets (Total Members' Funds) of \$355,470 to \$9,907,805.

Note 1 : The reported Stage 1 construction profit is after off-setting \$675,796 worth of capitalised expense, that accrued in clearing the former Lakeview Caravan Park, cleaning up the site, and pre-

construction expenses. These actions were in respect of the total site – not just Stage 1 – resulting in Stage 1 construction bearing a disproportionate levy in this regard.

Note 2 : The asset-value of Wangi Shores has been taken as the total 'sale' price of the 32 Stage 1 Units. This does not place any value on the remaining undeveloped 'two-thirds' of the site – potentially \$3 million or more – which will be brought onto the books progressively as Stages 2 and 3 are completed and traded.

R. J. (Bob) Porter

A handwritten signature in black ink, appearing to read 'R. J. Porter', written over a horizontal line.

Hon. Treasurer
September 2009

WANGI DISTRICT WORKERS CLUB LIMITED

CEO'S REPORT FOR THE YEAR ENDED 30 JUNE 2009

I wish to present, on behalf of the Board of Directors, the 56th Annual Financial Report of the Wangi District Workers Club Limited for the year ended 30th June 2009. The year has been one of the toughest in our Club's 56 year history, as well as the toughest for the NSW club industry. This has been brought about by 12 months of the new highest level of poker machine tax, 12 months of smoking bans and the worst global economic decline in decades.

The Wangi District Workers Club Group recorded a loss of **\$355,470** for 2009. The Treasurer has reported on the breakdown of this loss in his report and the details are recorded in the Club's Financial Statements.

It is most important to realise that the Club has a strong balance sheet with our Financial Report showing the Club has net assets in excess of **\$26.5million**. Interestingly, the Club for the year to 30th June 2009 was cash flow positive, recording net cash inflows from its operating activities of **\$735,646**.

Wangi District Workers Club has always been an integral part of the regional economy surrounding Wangi. We employ local residents both directly and indirectly, we contribute to local tourism, we donate more than \$40,000 annually to charities, and amateur sports.

The Wangi Shores Development has consumed much of my time and effort this year: The original application approved by Council in 2003 was for 78 Units, the first 32 comprising Stage 1 now completed. In early 2007, a revised Development Application was submitted, initially for an extra 26 Units in Stages 2 and 3 – subsequently amended in consultation with Council Officers to an extra 14 (total 92 Units). This Application was rejected by Council in December 2007. Within the allowable 12 months, the Club and JML Group lodged an appeal against this decision with the Land & Environment Court.

Court proceedings occurred in March 2009, followed by a series of negotiations with Council and related submissions aimed at securing an agreed position. Circumstances during August resulted in the need to appoint a new Architect, who took a 'fresh look' at design issues that were the source of disputation.

A revised design, still delivering a total of 94 Units was recently presented and discussed with Council on a 'without-prejudice' basis, and a course of action agreed. This has resulted in the Land & Environment Court action being withdrawn, and modified detailed plans are currently being prepared for re-submission. Given that the new concept addresses and overcomes many of the impediments and deficiencies identified in the earlier proposal, there is optimism that approval will eventually be forthcoming.

Given that the Project is not likely to be in a commercial position for Stage 2 to proceed until the second quarter of 2010 at the earliest, it is expected that final design details will be resolved within this timeframe. The permanent Clubhouse (with amenities, indoor-outdoor pool, leisure and craft facilities, library, etc.) will be included in Stage 2 construction programme.

Wangi Shores is a long-term project to broaden our income stream, unfortunately the economic downturn has hit hard in the real estate sector. At the time of writing we have leased 12 out of 32 units, hold deposits on a further 8 and we continue to work in cooperation with Robinson Property to attract residents to this A-class seniors living village. Although the Club incurred a large asset impairment in regard to this project in the 2009 financial year, in the long-term the value of this property will rise significantly and the continuing lease rentals will be a valuable addition to the Club's recurring non-gaming revenues.

Thank you to my Management Team members Colleen Inskip, Sam Francis, Juston Ballie, Terry & Sandra Benson and Rick & Cathy Ware, who provide great professionalism, integrity and leadership. Thank you to Chairman Barry Lawry and fellow Directors for the mountain of time and energy that they put into assisting the Club.

Finally, I wish to thank our **6,000 members** for your support of the Club and your understanding of the present tough economic times. We all look forward to better times and we are all confident of succeeding in the challenge ahead.

Phillip Ticehurst ACCM
Chief Executive Officer

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009

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WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241

DIRECTORS' REPORT

Your Directors presents their report for the financial year ended 30 June 2009

1 The names of the Directors in office at the date of this report are

<u>Name</u>	<u>Occupation</u>	<u>No of Years in Office</u>
Barry Lawry	Retired	8
Mary Byrne	Domestic Duties	13
Robert Porter	Consultant Engineer	22
Terry Johnslon	Retired	6
Norman Anderson	Retired	3
Ian Towe	Commercial Manager	1
Rod Boyson	Mine Supervisor	1

Refer to a separate report attached for details of Director Attendances and Qualifications

2. Activities

The principal activities of the Company in the course of the financial year ended 30 June 2009 were the running of the Club in accordance with its objectives for the benefit of its members

3. Results

The net result of operations after applicable income tax was a loss of \$355,470 (2008 profit \$75,172).

4. Review of Operations

Despite tough trading conditions in the 2009 financial year the Club's core operations generated a profit of \$411,169 compared to last year \$379,402. However, the operations of Wangi Shores Retirement Village, which has yet to achieve full occupancy, incurred a loss of \$601,854 compared to \$111,695 last year. The current year loss includes an impairment write down of \$112,493 following a re-assessment of the value of the village units. This change in village units also affected the expected return on the construction of the project which resulted in a loss for the year of \$47,653 (2008 profit of \$180,125). Summerhill Park's operations, while still incurring a loss of \$198,362 (2008 loss \$216,241) improved due to interest expense reductions.

5. Significant Changes

There have been no significant changes in the activities conducted by the Club in the year under review. The Company is still in the process of "selling" all remaining unoccupied units in Stage 1 of the Wangi Shores Retirement Village.

6 Events Subsequent to Balance Date

Since the end of the financial year the Directors are not aware of any matters or circumstances not otherwise dealt with in the report or accounts that has significantly or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club in subsequent financial years.

7. Likely Developments and Expected Results

The Company expects to sell all remaining units in Stage 1 and commence construction of Stage 2, including the clubhouse, of the Retirement Village Project. This should have a positive effect on the Club's results in the future. Furthermore, the result for Summerhill Park continues to improve as interest costs fall as the loan is repaid. Results within the club depend on trading conditions, but with active management these can be maintained or improved in the challenging environment.

8. Indemnifying Officer or Auditor

The Club has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company.

* Indemnified or made any relevant agreements for indemnifying against a liability incurred as an officer, including costs expenses in successfully defending legal proceedings; or

* paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings,

During the financial year, the Company has paid a premium in respect of a contract of insurance insuring Directors and Officers (including former and future Directors and Officers) against certain liabilities incurred in that capacity. Disclosure of the total amount of premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of the insurance.

9. Directors Benefits

Since the end of the previous financial year no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due to be received by Directors shown in the accounts or received as the fixed salary of a full time employee of the Club) by reason of a contract made by the Club or by a related corporation with the Director or with a firm of which they are a member, or with a Company in which they have a substantial financial interest in.

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241

DIRECTORS' REPORT (Cont.)

10. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2009 has been received and set out on page 5 of the financial report. In addition, details of the non-audit services provided by the auditor Crosbie Warren Sinclair are contained in Note 18 of the financial report. Crosbie Warren Sinclair continues to hold office in accordance with s307 of the Corporations Act 2001.

11. Environmental Regulations

The Club's operations are subject to various environmental regulations under both Commonwealth and State Legislation. The Directors are not aware of any breaches of the legislation that may have a material impact on these financial statements.

12. Dividends

The Company is prohibited from paying dividends by its Constitution.

13. Financial Report Issue Date

The financial report was authorised for issue by the directors on 17 September 2009. The Company has the power to amend and re-issue the financial report.

14. Company Secretary

The Company Secretary is Mr Philip Ticehurst, Chief Executive Officer, who has been Company Secretary since his employment in January 2007 with the Club. Prior to this Mr Ticehurst has held management positions in other clubs in the Hunter area.

This report is made out in accordance with a resolution of the Board of Directors, and is signed for and behalf of the directors.



Barn Lawry - DIRECTOR

Robert Porter - DIRECTOR



Dated: 17 September 2009

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241

DIRECTORS' MEETING ATTENDANCES

The number of Board meetings held during the financial year ended 30 June 2009 was 15, being 12 normal monthly Board meetings and 3 special Board meetings. The details of each Director's attendances at those meetings is given below:

<u>Director</u>	<u>Monthly</u>	<u>Special</u>	<u>Eligible to Attend</u>
Barry Lawry	12	2	15
Frank Nash (not re-elected at AGM 12/10/2008)	2	1	4
Mary Byrne	10	2	15
Norman Anderson	10	2	15
Terry Johnston	12	3	15
Robert Porter	9	3	15
Bettina Smith (not re-elected at AGM 12/10/08)	3	1	4
Ian Towe (appointed AGM 12/10/08)	7	2	11
Rod Boyson (appointed AGM 12/10/08)	8	1	11

Qualifications and Experience

Robert Porter

Bachelor of Science- Sydney University 1964

Bachelor of Engineering (Mechanical) - Sydney University 1966

Other Directorships:

Mingara Recreation Club - 6 years

Lakes Credit Union Ltd - 19 years (4 as Chairman)

Ralhmimes/Bayswater Halls Board

Ener-Port Consulting Pty Ltd

Catalina Players Incorporated

Property Report

The directors have classified Club property defined in s41J of the Registered Clubs Act as follows:

Core Property

Land and Buildings upon which the Club and waterfront carpark is situated, being 7-19 Market Street, Wangi Wangi

Non-Core Property

This comprises:

- Rental properties located at 3 and 5 Market Street, Wangi Wangi
- Summerhill Mobile Park located at 4 Summerhill Drive, Wangi Wangi
- Wangi Shores Retirement Village located at 11A Dobell Drive, Wangi Wangi


CROSBIE WARREN SINCLAIR

ACCOUNTANTS & BUSINESS ADVISERS

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241**AUDITOR'S INDEPENDENCE DECLARATION**
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
WANGI DISTRICT WORKERS CLUB LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 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.



B A Perkins - Partner
Crosbie Warren Sinclair Partners
Certified Practising Accountants

Dated: 17 September 2009

CROSBIE WARREN SINCLAIR

ACCOUNTANTS & BUSINESS ADVISERS

WANGI DISTRICT WORKERS CLUB LIMITED

ACN 001 029 241

INDEPENDENT AUDIT REPORT TO MEMBERS

To the Members of Wangi District Workers Club Limited

Report on the Financial Report

The Financial Report and Directors Responsibility

We have audited the accompanying financial report of Wangi District Workers Club Limited, which comprises the balance sheet as at 30 June 2009 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, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Club 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 that, in accordance with Accounting Standard AASB101 Presentation of Financial Statements, compliance with the Australian Equivalents to the International Financial Reporting Standards and notes, complies with International Financial Reporting Standards.

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 controls 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 controls. 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.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Wangi District Workers Club Limited (the Club) for the year ended 30 June 2009 included on the Club's web site. The Club's directors are responsible for the integrity of the Club's website. We have not been engaged to report on the integrity of the website. The auditor's report only refers to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Club's website.

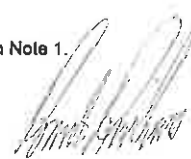
Independence

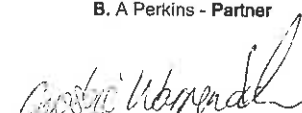
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Wangi District Workers Club Limited, has the same date as this auditor's report.

Auditor's Opinion

In our opinion:

- (a) The financial report of Wangi District Workers Club Limited is in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of Wangi District Workers Club Limited's financial position as at 30 June 2009 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; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.


B. A Perkins - Partner


Crosbie Warren Sinclair Partners
Certified Practising Accountants

Dated: 17 September 2009

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages 8 to 25
 - (a) comply with Accounting Standards in Australia, the Corporations Act 2001 and other mandatory professional reporting requirements, and
 - (b) give a true and fair view of the financial position as at 30 June 2009 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date
- 2 At the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the Board of Directors and signed for and on behalf of the Directors by



Barry Lawry - Director

Robert Porter - Director



Dated: 17 September 2009

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
Bar Sales		1,314,886	1,163,284
Bar Gross Profit (%)		57.7%	57.5%
Poker Machine Net Revenue		2,150,143	2,152,561
Rental Income		4,821	5,345
Paper Gaming		103,460	89,080
Interest Received		6,388	5,680
Summerhill Park Income		438,442	427,434
Wangi Shores Retirement Village Income		51,151	215,616
Other Income		223,669	197,503
Total Trading and Other Income	3	4,292,960	4,256,503
Expenses			
Bar Cost of Goods Sold		556,165	494,706
Bar Direct Expenses		323,427	300,257
Poker Machine Direct Expenses		578,348	534,176
Rental Expenses		5,682	6,548
Paper Gaming Direct Expenses		40,667	73,716
Summerhill Park Direct Expenses		403,821	390,676
Wangi Shores Retirement Village Expenses		648,434	326,219
Borrowing Expenses		244,746	261,683
Members Amenities		512,785	486,018
Clubhouse Expenses		320,580	374,286
Other Operating Expenses		1,048,213	957,955
Total Expenses		4,682,868	4,206,240
Net Profit/(Loss) Before Income Tax	4	(389,908)	50,263
Income Tax (Expense)/Credit	5	34,438	24,909
Net Profit/(Loss) After Income Tax		(355,470)	75,172

To be read in conjunction with the attached notes to the Financial Statements

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241
BALANCE SHEET
AS AT 30 JUNE 2009

	Note	2009 \$	2008 \$
CURRENT ASSETS			
Cash and Cash Equivalents	6	655,320	328,292
Receivables	7	10,719	13,503
Inventories	8	41,015	38,752
Tax Assets	13	5,554	5,554
Other Current Assets	9	109,245	81,385
TOTAL CURRENT ASSETS		<u>821,853</u>	<u>467,486</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	10	5,233,583	5,309,769
Receivables	7	37,692	19,112
Investment Properties	11	20,416,415	21,016,574
Intangible Assets	12	500	500
Tax Assets	13	64,044	29,606
TOTAL NON-CURRENT ASSETS		<u>25,752,234</u>	<u>26,375,561</u>
TOTAL ASSETS		<u>26,574,087</u>	<u>26,843,047</u>
CURRENT LIABILITIES			
Trade and Other Payables	14	295,366	210,361
Borrowings	15	13,584,754	13,442,819
Provisions	16	65,175	55,201
TOTAL CURRENT LIABILITIES		<u>13,945,295</u>	<u>13,708,381</u>
NON-CURRENT LIABILITIES			
Borrowings	15	2,670,661	2,830,833
Provisions	16	50,326	40,558
TOTAL NON-CURRENT LIABILITIES		<u>2,720,987</u>	<u>2,871,391</u>
TOTAL LIABILITIES		<u>16,666,282</u>	<u>16,579,772</u>
NET ASSETS		<u>9,907,805</u>	<u>10,263,275</u>
MEMBERS' FUNDS			
General Reserve	17	242,511	242,511
Accumulated Profit		9,665,294	10,020,764
TOTAL MEMBERS' FUNDS		<u>9,907,805</u>	<u>10,263,275</u>

To be read in conjunction with the attached notes to the Financial Statements

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241

CASHFLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
Cash Flows from Operating Activities			
Receipts from Members and Guests		4,680,856	4,443,095
Payments to Suppliers and Employees		(3,756,509)	(3,630,218)
Interest Received		6,388	5,680
Interest Paid		(195,089)	(203,019)
Income Tax Paid		-	(3,725)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	23	<u>735,646</u>	<u>611,813</u>
Cash Flows from Investing Activities			
Proceeds from sale of Assets		9,229	5,290
Payments for Plant and Equipment		(254,772)	(433,592)
<i>Net Cash Flows provided by (used in) Investing Activities</i>		<u>(245,543)</u>	<u>(428,302)</u>
Cash Flows from Financing Activities			
Proceeds from Borrowings		46,696	156,713
Repayment of Borrowings		(209,770)	(426,031)
<i>Net Cash Flows provided by (used in) Financing Activities</i>		<u>(163,074)</u>	<u>(269,318)</u>
<i>Net Increase/(Decrease) in Cash Held</i>		327,029	(85,807)
Cash and Cash Equivalents at the beginning of the Financial Year		<u>328,292</u>	<u>414,099</u>
Cash and Cash Equivalents at the End of the Financial Year	23	<u>655,321</u>	<u>328,292</u>

To be read in conjunction with the attached notes to the Financial Statements

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
Opening Balances 1 July 2008			
Accumulated Profit Reserves		10,020,764	9,945,592
		<u>242,511</u>	<u>242,511</u>
		10,263,275	10,188,103
(Loss)/Profit for Year		(355,470)	75,172
Closing Balances 30 June 2009			
Accumulated Profit Reserves	17	9,665,294	10,020,764
		<u>242,511</u>	<u>242,511</u>
		<u>9,907,805</u>	<u>10,263,275</u>

To be read in conjunction with the attached notes to the Financial Statements

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1 Statement of Significant Accounting Policies

Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with applicable Australian Accounting Standards, other mandatory professional requirements and other authoritative pronouncements and the Corporations Act 2001

The financial report has been prepared on the basis of historical costs, except for investment properties which have been measured at fair value. The financial report is presented in Australian Dollars.

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Deficiency in Working Capital

Notwithstanding the deficiency in working capital of \$13.1 million, the accounts have been prepared on a going concern basis. The going concern basis assumes the continuity of normal business operations, that is, the realisation of assets and the settlement of liabilities in the ordinary course of business. The directors are of the opinion that the deficiency in working capital is mostly a result of the current classification of resident loans and project development liabilities in relation to the Retirement Village (refer below) which in their opinion does not affect the Company's ability to continue to pay its debts as and when they fall due. In relation to the resident loans, the expected cash outflows resulting from the settlement of a liability to a departing resident simultaneously results in expected cash inflows of similar value from a new incoming resident. The directors are of the opinion that the project development liabilities will be paid from the proceeds of future sales of the retirement village units as per note 15.

Furthermore the Club has generated \$735,646 cash from operating activities and has met all re-negotiated loan covenant obligations and has been able to repay \$108,000 of the Commercial Bill Facility by financial year end.

Income Tax

Income tax payable is calculated in accordance with the provisions of the Income Tax Assessment Act dealing with the Registered Clubs and Associations.

Deferred Tax Assets and Liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Inventories

Inventories are measured at the lower of cost and current replacement value.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful life of the asset or a diminishing value basis as follows:

Buildings & Improvements	20 to 40 years
Plant & Equipment	3 to 20 years
Investment Properties	40 years
<i>Impairment</i>	

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generated units are written down to their recoverable amount.

WANGI DISTRICT WORKERS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generated unit in which the asset belongs

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Company would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the income statement as a separate line item.

Borrowing Costs

Borrowing Costs are recognised as an expense when incurred

Investment Properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, to the extent that the investment properties are depreciable, they are depreciated over the estimated useful life to the Club. The carrying value of the investment property in these financial statements is cost less any accumulated depreciation and less any accumulated impairment losses.

Investment properties are no longer recognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the income statement in that year.

Impairment of Investments

At each reporting date, it is considered whether any of the investments are impaired. Indicators of impairment include where any decline in fair value is not expected to be recovered. At this time, all revaluation losses are recognised in the income statement. Any impairment losses on investments held at cost are recognised in the income statement.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales revenue comprises the revenue earned from the provision of products or services to entities outside the Company.

Interest income is recognised as it accrues.

The profit or loss on disposal of asset is brought to account at the date an unconditional contract is signed.

Other revenue is recognised as it accrues.

Employee Benefits

Provision is made for the Company's liabilities for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with benefits arising from wages and salaries, annual and sick leave, which would be settled after one year, have been measured at their nominal amount. Other 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, using

Intangible Assets

Intangible assets acquired separately are capitalised at cost, the useful lives of these intangible assets are assessed to be either finite or indefinite. Those with finite lives are amortised over that period on a straight line basis. Intangible assets are tested for impairment where an indicator for impairment exists.

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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 Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The amount of GST recoverable or payable to the ATO is included as a current asset or current liability in the balance sheet. Cash flows are included in the cashflow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

Financial Instruments Recognition and Derecognition

Regular way purchases and sales of financial liabilities are recognised on trade date - the date on which the company commits to purchase or sell the financial assets or financial liabilities. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade and Other Receivables

All receivables are categorised under the requirements of AASB 139: Financial Instruments - Recognition and Measurement and are recognised initially at fair value and subsequently at amortised cost. All trade and other receivables are current, with the exception of deferred management fees (DMF). Furthermore, the DMF receivable is the only amount discounted back to present value. Trade receivables are generally due within 30 days from the date of recognition.

An allowance for doubtful debts is based on a review of outstanding balances at balance sheet date and is accounted for in a separate account. Indicators of impairment include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment (more than 60 days overdue). Bad debts which have previously been provided for are eliminated against the allowance for doubtful debts. In all cases bad debts have been written off as an expense directly in the income statement.

Trade and Other Payables

Trade and other payables, including accruals, are recorded initially at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing. Trade accounts payable are normally settled within 30 days.

Borrowings

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 income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date.

Resident Loans

Resident loan liabilities represent the amount payable to a resident on the termination of the resident's occupation rights to an independent living unit in the Wangi Shores Retirement Village. The liability is determined as the initial loan funds advanced by the resident. Notwithstanding the expected term of an occupancy is several years, the resident has the option to cancel the residency agreement at any time. As this option constitutes a demand feature, the liability is not discounted (based on the expected date of settlement) and is recognised as a current liability in the balance sheet. Deferred Management Fee Receivables are not offset against Resident loans in the Balance Sheet. Resident Loans are non-interest bearing.

Deferred Management Fees Receivable

Deferred management fees are calculated in accordance with the Company's policy on the recognition and derecognition of financial instruments noted above. Deferred management fees are not settled in cash until such time as the resident departs. Accordingly a deferred management fee receivable is recognised on the balance sheet which represents the net present value of all deferred management fees owed to the Company. Refer to Note 7 for detailed assumptions made in calculating this balance.

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Financial Guarantee Contracts

These contracts are recognised as a financial liability at the time the guarantee is issued. The liability is measured initially at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

2 Limited by Guarantee

The Club is an incorporated body having no share capital and the liability of Members is limited by Guarantee. In the event of a dissolution or winding up the liability of members is limited to \$1 per member. At 30 June 2009 the Club had 6,164 members (2008 5,992). Wangi District Workers Club Limited is incorporated in Australia. The registered office address is 11-19 Market Street, Wangi Wangi NSW 2267.

3 Operating Revenue	2009	2008
Bar Sales	1,314,886	1,163,284
Poker Machine Net Revenue	2,150,143	2,152,561
Rental Income	4,821	5,345
Summerhill Park Income	438,442	427,434
Wangi Shores Retirement Village Income	51,151	215,616
Paper Gaming Revenue	103,460	89,080
Interest Received	6,388	5,680
Other	223,669	197,503
Total	<u>4,292,960</u>	<u>4,256,503</u>

4 Operating Profit/(Loss)

Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items -

Credits

Interest Received / Receivable	6,388	5,680
Deferred Management Fees	18,580	19,112
Profit/(Loss) on Construction of Retirement Village (refer Note 11)	(47,653)	180,125

Charges

Depreciation	Poker Machines	140,387	129,184
	Plant & Equipment	<u>95,403</u>	<u>99,142</u>
		235,790	228,326
Amortisation	Buildings	147,051	147,701
	Investment Properties	<u>508,520</u>	<u>382,406</u>
		655,571	530,107
Total Depreciation & Amortisation		<u>891,361</u>	<u>758,433</u>
Impairment of assets		112,493	-
Loss on disposal of assets		25,042	18,011
Interest and Finance Costs		244,746	261,683
Employee Benefits			
	- Wages including termination payouts	901,465	833,784
	- Superannuation	83,319	89,222
	- Leave Provisions	<u>19,743</u>	<u>28,404</u>
		<u>1,004,527</u>	<u>951,410</u>

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

5 Income Tax Expense

a) The aggregate amount of income tax attributable to the financial year differs to the amount calculated on the operating profit. The difference is reconciled as follows:-

	2009	2008
Operating Profit/(Loss) before income tax	(389,908)	50,263
<i>Income Tax (Expense/(Benefit) thereon @ 30%</i>	(116,972)	15,079
Non Deductible Expenses	22,353	8,059
Non Assessable Income	-	(54,038)
Apportionment Adjustment Members Income and Expenses	(107,214)	(116,956)
	(201,833)	(147,856)
Change in Non-Member Proportion	-	-
Tax Losses not Brought into Account	167,395	149,016
Adjustment to opening Deferred Tax Assets	-	(26,069)
Income Tax Expense/(Benefit) reported in the Income Statement	(34,438)	(24,909)
Major components of income tax expense/(benefit) are		
Current income tax charge	-	-
Relating to Temporary Differences	(34,438)	(24,909)
Income Tax Expense/(Benefit) reported in the Income Statement	(34,438)	(24,909)
b) The Directors estimate that the potential Deferred Tax Asset at 30 June 2009 in respect of tax losses not brought into account is -	655,212	489,317

The benefit for tax losses will only be obtained if -

- i) the Company derives future assessable income in the nature and of amount sufficient to enable the benefit from deductions for the losses to be realised;
- ii) the Company continues to comply with the conditions for deductibility imposed by the tax legislation; and
- iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses

6 Cash and Cash Equivalents

Cash on Hand	60,000	60,000
Cash on Hand - Poker Machine Hoppers	5,984	8,427
Cash on Hand - Wangi Shores	100	100
Cash at Bank - Trading Account	397,546	111,280
Cash at Bank - Wangi Shores Account	10,979	5,234
Takings on Hand	18,836	76,310
Cash at Bank - Summerhill Park	96,326	33,459
Petty Cash - Summerhill Park	250	250
Gaming Account	65,299	33,232
	655,320	328,292

WANGI DISTRICT WORKERS CLUB LIMITED
ACN 001 029 241

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
7 Receivables		
Current		
Debtors Trade	10,719	13,503
	<u>10,719</u>	<u>13,503</u>
Non-Current		
Deferred Management Fee Receivable	37,692	19,112
	<u>37,692</u>	<u>19,112</u>

Under the Lease and Services Contract entered into between the Company and residents of Wangi Shores Retirement Village, the residents are required to pay a management fee to the Company when they cease occupation of the Retirement Village. This fee is based on 4% per annum of the value of the resident's loan capped to a maximum 7 years of occupancy. The club has reduced this fee to 2% for the period until the Retirement Village clubhouse has completed construction. The Deferred Management Fee (and receivable) has been re-calculated on this basis at 30 June 2009. As this fee is deferred until the resident leaves the village, AASB 139 "Financial Instruments: Recognition and Measurement" requires that the amount receivable be discounted to present value such that the receivable is measured at amortised cost using the effective interest rate method.

The calculation of the deferred management fee receivable is based on the current resident loans and the assumptions that the residents are expected to occupy their units for an average of 10 years (which has been based on a known industry average) and a discount rate of 10% has been applied. This discount rate represents the expected return required for an asset of this nature.

8 Inventories		
Stock on Hand - Liquor	40,670	38,422
Stock on Hand - Raffles	345	330
	<u>41,015</u>	<u>38,752</u>
9 Other Current Assets		
Prepayments	109,245	81,385
	<u>109,245</u>	<u>81,385</u>

10 Property, Plant and Equipment	Plant & Equipment	Club Land & Buildings	Poker Machines	Total
Year ended 30 June 2009				
At 1 July 2008,	404,776	4,622,581	282,412	5,309,769
Net of Accumulated Depreciation/Amortisation				
Additions	173,594	6,200	176,577	356,371
Less: Disposals	(26,858)	-	(22,858)	(49,716)
Less: Depreciation/Amortisation	(95,403)	(147,051)	(140,387)	(382,841)
At 30 June 2009				
Net of Accumulated Depreciation/Amortisation	<u>456,109</u>	<u>4,481,730</u>	<u>295,744</u>	<u>5,233,583</u>
At 1 July 2008				
Cost or Fair Value	1,976,924	6,307,853	967,616	9,252,393
Accumulated Depreciation/Amortisation	(1,572,148)	(1,685,272)	(685,204)	(3,942,624)
Net Carrying Amount	<u>404,776</u>	<u>4,622,581</u>	<u>282,412</u>	<u>5,309,769</u>
At 30 June 2009				
Cost or Fair Value	2,020,246	6,314,053	1,119,426	9,453,725
Accumulated Depreciation/Amortisation	(1,564,137)	(1,832,323)	(823,682)	(4,220,142)
Net Carrying Amount	<u>456,109</u>	<u>4,481,730</u>	<u>295,744</u>	<u>5,233,583</u>

WANGI DISTRICT WORKERS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

10 Property, Plant and Equipment Continued

	Plant & Equipment	Club Land & Buildings	Poker Machines	Total
Year ended 30 June 2008				
At 1 July 2007,	422,244	4,747,139	253,584	5,422,967
Net of Accumulated Depreciation/Amortisation				
Additions	89,108	23,143	176,048	288,299
Less: Disposals	(7,434)	-	(18,036)	(25,470)
Less: Depreciation/Amortisation	(99,142)	(147,701)	(129,184)	(376,027)
At 30 June 2008				
Net of Accumulated Depreciation/Amortisation	<u>404,776</u>	<u>4,622,581</u>	<u>282,412</u>	<u>5,309,769</u>
At 1 July 2007				
Cost or Fair Value	2,056,055	6,284,709	1,120,487	9,461,251
Accumulated Depreciation/Amortisation	(1,633,811)	(1,537,570)	(866,903)	(4,038,284)
Net Carrying Amount	<u>422,244</u>	<u>4,747,139</u>	<u>253,584</u>	<u>5,422,967</u>
At 30 June 2008				
Cost or Fair Value	1,976,924	6,307,853	967,616	9,252,393
Accumulated Depreciation/Amortisation	(1,572,148)	(1,685,272)	(685,204)	(3,942,624)
Net Carrying Amount	<u>404,776</u>	<u>4,622,581</u>	<u>282,412</u>	<u>5,309,769</u>

Under AIFRS requirements, the Club does not have to obtain a valuation every 3 years. However, the Club is required to consider if the carrying value is overstated if an indicator for impairment exists. The directors are of the view that no indicator for impairment exists and consequently the directors have determined that the Club land and buildings are not overstated at their shown carrying amounts. The directors have formed this opinion on the following bases:

(i) The Club (excluding the investment properties) has generated significant operating cash flows (in excess of \$0.7 million per annum).

(ii) The Club land at cost of \$707,687 (contained within the above carrying values) is significantly understated in value, given the prime waterfront nature of the land.

(iii) Under AIFRS requirements, where an asset in a non-profit entity does not derive direct cash flows (such as the Club land and buildings), the Club needs to consider the "depreciated replacement cost" of those assets. In this instance, the directors have assessed the "depreciated replacement cost" of the buildings to be the same value as that currently shown in the accounts of the Club.

11 Investment Properties

	Retirement Village	Summerhill Park	Rental Properties	Total
Year ended 30 June 2009				
At 1 July 2008,	14,010,719	6,843,667	162,188	21,016,574
Net of Accumulated Depreciation/Amortisation				
Additions	7,232	13,622	-	20,854
Less: Disposals	-	-	-	-
Less: Depreciation/Amortisation	(291,048)	(215,472)	(2,000)	(508,520)
Less: Impairment of Assets	(112,493)	-	-	(112,493)
At 30 June 2009				
Net of Accumulated Depreciation/Amortisation	<u>13,614,410</u>	<u>6,641,817</u>	<u>160,188</u>	<u>20,416,415</u>
At 1 July 2008				
Cost	14,215,991	7,693,916	200,854	22,110,761
Accumulated Depreciation/Amortisation	(205,272)	(850,249)	(38,666)	(1,094,187)
Net Carrying Amount	<u>14,010,719</u>	<u>6,843,667</u>	<u>162,188</u>	<u>21,016,574</u>
At 30 June 2009				
Cost	14,223,223	7,707,538	200,854	22,131,615
Accumulated Depreciation/Amortisation	(608,813)	(1,065,721)	(40,666)	(1,715,200)
Net Carrying Amount	<u>13,614,410</u>	<u>6,641,817</u>	<u>160,188</u>	<u>20,416,415</u>

WANGI DISTRICT WORKERS CLUB LIMITED**ACN 001 029 241****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009****11 Investment Properties Continued**

	Retirement Village	Summerhill Park	Rental Properties	Total
Year ended 30 June 2008				
At 1 July 2007:	651,410	7,049,059	164,188	7,864,657
Net of Accumulated Depreciation/Amortisation				
Additions	13,525,482	9,202	-	13,534,684
Less Disposals	(361)	-	-	(361)
Less Depreciation/Amortisation	(165,812)	(214,594)	(2,000)	(382,406)
At 30 June 2008				
Net of Accumulated Depreciation/Amortisation	<u>14,010,719</u>	<u>6,843,667</u>	<u>162,188</u>	<u>21,016,574</u>
At 1 July 2007				
Cost	721,910	7,675,511	200,854	8,598,275
Accumulated Depreciation/Amortisation	(70,500)	(626,452)	(36,666)	(733,618)
Net Carrying Amount	<u>651,410</u>	<u>7,049,059</u>	<u>164,188</u>	<u>7,864,657</u>
At 30 June 2008				
Cost	14,215,991	7,693,916	200,854	22,110,761
Accumulated Depreciation/Amortisation	(205,272)	(850,249)	(38,666)	(1,094,187)
Net Carrying Amount	<u>14,010,719</u>	<u>6,843,667</u>	<u>162,188</u>	<u>21,016,574</u>

Investment properties are held at cost less accumulated depreciation

Wangi Shores Retirement Village

The value of the Village has been calculated as the sum of the value of all the individual units based on the units' "selling prices". The "selling price" relates to the market value of the unit at the time the Company enters into a 99 year Lease Agreement with a resident. This amount is provided as an interest free loan by the resident to the Company in accordance with AASB 116 "Property, Plant and Equipment" and AASB 140 "Investment Property" this value has been deemed as the cost of acquisition of the Village. The cost value of the village as at 30 June 2009 has been determined based on the actual sale price of the 10 units sold to that date, together with, the estimated sales prices of the remaining units as determined by the Directors. If upon the actual "sale" of the remaining units the value realised is less than that estimated then the extent to which the sale value is below the estimate will be realised as an impairment loss charged to the income statement.

Following a re-assessment of the "sales prices" of the units at 30 June 2009, an impairment loss of \$112,493 was charged to the Income Statement (Refer Note 4)

A construction loan was brought to account in the prior year representing the cost of construction and other project costs, including an estimated performance bonus due to the Builder. The estimates on which this liability was based were re-assessed at 30 June 2009. This included the estimated sales price of the units, time to "sell" the units, additional cost to be incurred including "selling" and construction costs and the interest expense on the Project Loan (Refer Note 15 Borrowings). The change in these estimates resulted in an adjusted calculation of the expected result from the project and consequently a Loss on the construction of the retirement village of \$47,653 (refer Note 4 and Note 23) was recorded in the Income Statement for the financial year.

Summerhill Mobile Park

Guy Robinson of Robinson Property performed an independent valuation of the Summerhill Mobile Park on 18 June 2009. The value determined was \$6.7 million.

Summerhill Mobile Park generates substantial cashflows from its operations on an earnings before interest and depreciation basis. As the valuation is above the carrying value of the property, and there are no indicators for impairment, the property is not considered to be impaired at 30 June 2009.

Rental Properties

The 2 rental properties were valued by Guy Robinson of Robinson Property on 18 June 2009

- 5 Market Street Wangi Wangi . \$480,000 - \$520,000

- 3 Market Street Wangi Wangi \$480,000 - \$520,000

These valuations were prepared on the basis of estimated market value if the properties were offered for sale, but were not a "sworn Valuation".

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
12		
Intangible Assets - SIA Application	<u>500</u>	<u>500</u>
13		
Tax Assets		
Current		
Income Tax refundable	<u>5,554</u>	<u>5,554</u>
Non-Current		
Deferred tax assets	<u>64,044</u>	<u>29,606</u>
14		
Trade and Other Payables		
Current		
Creditors and Accruals	205,833	132,959
GST Payable	55,895	42,250
Income in Advance - Summerhill Park	11,867	12,947
Subscriptions in Advance	<u>21,771</u>	<u>22,205</u>
	<u>295,366</u>	<u>210,361</u>
15		
Borrowings		
Current		
Loans - Insurance	27,145	26,244
Project Development Loan (Secured) - see Note 22	9,268,732	11,323,079
Residents Loans	4,037,000	1,935,000
Poker Machine Hire Purchase Liability	17,998	50,496
Bus Finance Lease	5,879	-
Commercial Bill Liability (Secured) - see Note 22	<u>228,000</u>	<u>108,000</u>
	<u>13,584,754</u>	<u>13,442,819</u>
Non-Current		
Poker Machine Hire Purchase Liability	41,634	8,833
Bus Finance Lease	35,027	-
Commercial Bill Liability (Secured) - see Note 22	<u>2,594,000</u>	<u>2,822,000</u>
	<u>2,670,661</u>	<u>2,830,833</u>
<p>The Project Development Loan comprises actual construction costs, the relevant portion of the Project Management Fee and the estimated Performance Bonus due to the Builder, interest expenses on the loan and also costs to be incurred on the "sale" of the Village units (including commission costs and legal expenses). It was necessary to take these costs up as a liability in the prior financial year as the full value of the Village has been accounted for as an asset on the Balance Sheet (refer Notes 11, 21, 22 and 23)</p> <p>In calculating these costs, assumptions made are as follows</p> <ul style="list-style-type: none"> - Sales price of the units will be approximately the current listed price (these prices have been re-assessed in the 2009 financial year); - On average 3 residential units are "sold" every 2 months. While this is the same assumption as in the prior year, the basis on which the deferred management fee is calculated has been changed (refer Note 7) and the expectation is that this change will enhance the "sale" prospects of the units; - Interest on the BankWest Loan has been incorporated based on the current loan balance and interest rate, with the balance reducing as units are sold using the assumption of sales noted above. On this basis the loan will be repaid in July 2010 		
16		
Provisions		
Current		
Provision for Annual Leave	<u>65,175</u>	<u>55,201</u>
	<u>65,175</u>	<u>55,201</u>
Non-Current		
Provision for Long Service Leave	<u>50,326</u>	<u>40,558</u>
	<u>50,326</u>	<u>40,558</u>
17		
Reserves		
Capital Profits Reserve	35,050	35,050
Funds Acquired from Club	<u>207,461</u>	<u>207,461</u>
	<u>242,511</u>	<u>242,511</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

18	Auditor's Remuneration	2009	2008
	Amounts received, or due to be receivable by the Auditor of the Company for -		
	Audit Services		
	- Club	19,100	19,500
	- Summerhill Park	3,600	5,500
	- Wangi Shores	9,185	3,000
	Accountancy and other services	20,220	15,435
	Stock Taking and Bureau Services	6,200	5,000
		<u>58,305</u>	<u>48,435</u>

19 **Commitments for Expenditure (Including Capital Commitments)**

a) Programmed Maintenance Services Commitments

The Club entered into an agreement on 31 March 2006 for the payment of \$19,786 p.a for 6 years for certain maintenance services to be performed in respect of the Club

b) Car park Lease

The Club's lease on the car park with the Lake Macquarie City Council was renewed for the period 6 February 2007 to 5 February 2010 with a rental of \$17,000 per annum (plus GST \$1,700).

c) Financing Commitments

Total commitments in respect of Hire Purchase Arrangements and Finance Leases are as follows:-

	2009		2008	
	Minimum Payments	Present Value of Payments	Minimum Payments	Present Value of Payments
Not later than One Year	34,394	23,878	53,547	50,496
Later than One Year and not Later than Five	93,186	76,660	8,925	8,833
Later than Five Years	-	-	-	-
Total Minimum Lease Payment	<u>127,580</u>	<u>100,538</u>	<u>62,472</u>	<u>59,329</u>
Less: Amounts Representing Finance Charges	<u>27,042</u>	-	<u>3,143</u>	-
Present Value of Minimum Lease Payment	<u>100,538</u>	<u>100,538</u>	<u>59,329</u>	<u>59,329</u>
<i>Weighted average interest rate on Finance Arrangements</i>		12.76%		8.35%

d) Capital Commitments

The Company has committed to acquire poker machines to the value of \$20,000, televisions of \$15,000, a Public Announcement system \$15,000, an air-conditioning upgrade \$20,000 and a jetty upgrade \$40,000 over the next 12 months. The company is also required to acquire the land under the flower boxes from the Council for \$7,000 in the next 12 months.

e) Other Capital Commitments

Pursuant to the agreement with the Wangi Shores Retirement Village Residents, the Company is committed to ensure that Communal Village clubhouse contained within Stage 2 of the Village Construction Project is completed by approximately September 2011. The estimated cost of this is \$2 million, which at present is to be funded via Stage 2 of the project. The club also has estimated costs of \$10,000 in respect of the Land & Environment Court Action to appeal the increase in the number of units allowed in subsequent stages of the Village development.

20 **Related Parties**

The names of persons who were Directors of the Company at any time during the year are as they appear in the attached Directors' Report with the exception of Frank Nash and Beltina Smith who were not re-elected at the Club's annual general meeting on 12 October 2008.

The son-in-law of Director Ian Towe provided pest control services to the Club under normal commercial terms and conditions. Note that this service was also provided prior to Ian being appointed to the Board.

Directors' Remuneration	2009	2008
Number of Directors (key management personnel) whose income from the Company and any other related party was within the following bands		
\$0 - \$9,999	\$ -	\$ -

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

21 Additional Financial Instrument Disclosure

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and various loan obligations

Financial Risk Management

The Company's activities expose it primarily to the financial risks of liquidity, credit exposure and changes in interest rates. The board of directors are responsible for monitoring and managing the financial risks of the company. They monitor these risks through monthly board meetings. Any changes required are communicated to the Chief Executive Officer who implements the changes. The company does not enter into derivative financial instruments and does not speculate in any type of financial instrument.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The financial assets and liabilities subject to interest rate risk are:

Bank Accounts

Cash and cash equivalents are subject to interest rate risk as they earn interest at floating rates. The average rate on the accounts at 30 June 2009 was 0.71%.

Interest Bearing Liabilities

At 30 June 2009 the Club's liability for commercial bills was \$2,822,000. Interest rates are applicable as follows:

Facility	Rate	
Fixed rate interest only \$930,000	8.67%	including a 1.7% bill facility fee
Fixed rate interest only \$1,500,000	7.95%	including a 1.7% bill facility fee
Fixed rate interest only \$392,000	5.20%	including a 1.7% bill facility fee

The bills roll quarterly, with a total term of the bills being 10 years. Repayments commenced 30 March 2009.

The Company has hire purchase and finance lease liabilities with an implicit interest rate of 12.78%.

While the Project Development Loan with BankWest is held under the name of the Builder (the "Joint Venture Partner"), ultimately, under the Project Delivery Agreement the Company will need to cover part (38.889%) of the interest accruing on this loan. Any interest accrued reduces the amount of any cash surplus left to the Company once all Village units have been "sold" and all Project Costs paid out. The Company is therefore subject to interest rate risk on this loan which carries an interest rate of 5.308% at 30 June 2009.

All other financial assets and liabilities of the Club which have been recognised on the Balance sheet are not subject to interest rate risk as they are non-interest bearing.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has exposure to credit risk through its receivables to the extent that there are unpaid amounts at balance sheet date.

The directors establish any allowances for impairment when it is expected that any receivables are not collectable. This allowance consists of allowances for specific amounts.

The maximum credit risk in financial assets of the Club which have been recognised on the Balance Sheet, is the carrying amount net of any provision for doubtful debts. Total credit risk for the Company at 30 June 2009 is \$48,411 (2008 \$32,615) arising from receivables. Given the Australian Federal Government's guarantee of bank deposits, the directors have assessed these financial assets as having negligible financial risk.

The Club has also reviewed the credit quality of its financial assets and expects all receivables to be recovered within due collection periods. No collateral or security is held in respect of any receivables. Credit is not generally extended to customers.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company prepares cash flow budgets and monitors its cash position to ensure that sufficient cash is available to settle obligations as they fall due.

While the loan from Village Residents is classified as "current" due to the demand feature present within the loan, the Company does not expect any repayments to be made for 10 years as this is the expected time frame of the residents' occupancy. Furthermore, any outgoing resident's loan is likely to be re-paid by the incoming resident's loan. Consequently, as the liability is settled there are expected to be simultaneous inflows of a similar amount. However, the Company will ensure that it holds sufficient reserves or facilities to ensure that the residents' loans can be re-paid in accordance with legal requirements.

The Project Development Loan is also classified as "current" as repayment of this loan is expected in the next 12 months. The proceeds from the Village Resident Loans, that is future "sales" of village units, will be used to repay the Project Development Loan.

The following are contractual maturities of the financial liabilities including interest payments. Contractual amounts are expected payments which have not been discounted.

Financial Liabilities	Carrying Amount	Contractual Cash Flows	0-12 Months	1-2 Years	More than 2 Years
	\$	\$	\$	\$	\$
Trade Payables	175,209	175,209	175,209	-	-
Resident Loans	4,037,000	4,037,000	4,037,000	-	-
Secured Borrowings	12,090,732	12,342,010	9,748,010	252,000	2,342,000
Hire Purchase	59,632	78,244	25,364	16,440	36,440
Finance Lease	40,906	49,336	9,030	9,030	31,276
Insurance Financing	27,145	27,652	27,652	-	-
	<u>16,430,624</u>	<u>16,709,451</u>	<u>14,022,265</u>	<u>277,470</u>	<u>2,409,716</u>

d) Net Fair Value of Financial Assets

The Club's financial assets and liabilities included in the Balance sheet are carried at amounts that approximate net fair value.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

22 Contingent Liabilities

The Club has contingent liabilities in respect of

Contract Performance: Lake Macquane City Council	206,500	Since 22.02.1990
Security Deposit: TAB NSW	5,000	Since 28.02.1996
Total Bank Guarantee approved	211,500	

Mortality Fund

The Club conducts a Mortality Fund whereby each eligible member is entitled to have \$100 paid by the Club to his/her estate upon his/her death. No Liability for this has been recognised in the financial statements, however at 30 June 2009 the Club's contingent commitment was \$17,800 (178 members) (2008: \$18,600). Payments to members are taken up as an expense in the year in which the payments are made.

Security Details

a) The Commonwealth Bank security position in regards to the Bill Facility, refer Note 15, is as follows:

A Registered Mortgage by Wangi District Workers Club Limited over Club premises located at 11-19 Market Street, Wangi Wangi,

A Registered Equitable Mortgage by Wangi District Workers Club Limited over the Company asset(s) and undertaking(s), including uncalled capital,

A Registered Mortgage by Wangi Workers Club Limited over commercial property located at 4 Summerhill Drive, Wangi Wangi,

A Registered Mortgage by Wangi Workers Club Limited over residential property situated at Lots 126 & 127 Market Street, Wangi Wangi.

b) The Club has also provided as security for borrowings in respect of the retirement village development (refer below) a first mortgage over Lot 1 in DP 652386 being 11A Dobell Drive, Wangi Wangi to Bank of Western Australia Limited (BankWest) in respect of project financing, and a second mortgage to Tekton Holdings per the Project Delivery Agreement.

Retirement Village

The Club has entered into an agreement with other parties for the development of the retirement village. Under this agreement the Club is to provide land at 11A Dobell Drive, Wangi Wangi for development. The costs of the development, plus a project management fee, is to be paid to the other development party from the proceeds of the leasing of the retirement units. If the proceeds on the completion and leasing of the retirement units exceeds the costs and management fee, a performance bonus will be paid to the other development party. However, if the proceeds on leasing are not sufficient to cover the costs and management fee due to the other development party, then the shortfall will be covered equally by the Club and the other development party. In addition, in the event of a default by the other development party, the Club will be liable to pay 50% of the performance bonus for all finished stages and 100% of the project costs for unfinished stages.

Based on the information available, as outlined in Notes 11 and 15, the Directors are of the opinion that at the date of this report the Development Project will result in a profit. This is however based on a number of significant assumptions also outlined in Notes 11 and 15. In the event that certain of these assumptions are not met, in particular where the units are "sold" at amounts other than those listed on the current price list and/or at a rate different to that at which these units are expected to be "sold" (being 3 units every 2 months), it is possible that the Development will incur a loss. This loss as noted above would be shared equally by the Club and the other development party.

Furthermore, if sufficient units are not sold at either the stated value or in a timely manner to enable the loan commitments to be met, it is possible that the Wangi Shores Retirement Village may have to be realised other than in the normal course of business and at an amount which is less than the carrying value as shown in Note 11.

In addition, as noted above, the Club has provided as security, in respect of the development, a first and second mortgage over 11A Dobell Drive, Wangi Wangi to BankWest Limited and Tekton Holdings Pty Limited respectively.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

23 Notes to Cashflow Statement

1 Reconciliation of Cash

For the purpose of the Cashflow statement, cash includes cash on hand and at call deposits with a bank or financial institution, net of bank overdrafts if any, and excludes investments with a maturity of greater than three months

	2009	2008
Cash at Bank	570,150	183,205
Cash on Hand	85,170	145,087
	655,320	328,292
2 Reconciliation from the net profit/(loss) after tax to the net cashflows from operations.		
Net Profit/(Loss) After Income Tax	(355,470)	75,172
<u>Non-Cashflow in Operating Profit/(Loss)</u>		
Amortisation	655,571	530,107
Depreciation	235,790	228,326
Impairment of Assets	112,493	-
Profit/(Loss) on Construction of Retirement Village	47,653	(180,125)
Deferred Management Fee	(18,580)	(19,112)
Loss on Sale of Assets	25,042	18,011
Net Change in Leave Provisions	19,743	28,406
	722,242	680,785
<u>Changes in Assets and Liabilities</u>		
Decrease/(Increase) in Debtors and Accrued Income	2,784	(2,758)
Decrease/(Increase) in Inventories	(2,263)	(3,132)
Decrease/(Increase) in Prepayments	(27,860)	(4,035)
Increase/(Decrease) in Trade Creditors, Accruals & GST	76,695	(26,917)
Increase/(Decrease) in Income in Advance	(1,514)	(3,496)
Increase/(Decrease) in Income Tax Asset & Liabilities	(34,438)	(28,634)
Net Cash From Operating Activities	735,646	611,813

3 Non-Cash Transactions

During the year the Company capitalised onto its Balance Sheet a Bus Finance Lease \$46,382 in respect of the Wangi Shores Retirement Village and poker machines of \$50,800 via Hire Purchase. The Company also received \$2,102,000 from Wangi Shores Residents in the form of loans. These funds were not shown in the Cashflow Statement as the funds were used directly to repay the Construction Loan.

4. Unused Credit Facilities

The company has a Commercial Bill Facility with the Commonwealth Bank (in respect of Summerhill Park). The amount of this facility not used at 30 June 2009 was \$54,000.

24 Segment Information

Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. The entity comprises 2 main segments, based on the entity's management reporting systems

- Licensed Club operations for the benefit of members and guests,
- Property Investments including the Retirement Village development, Summerhill Park and 2 rental properties

	Licensed Club		Property Investments	
	2009	2008	2009	2008
Sales / revenues from external customers	3,798,548	3,608,108	494,412	648,395
Segment result (before tax)	411,169	379,402	(801,077)	(329,139)
Segment Assets	6,119,980	5,807,361	20,454,107	21,035,686
Segment Liabilities	526,683	378,746	16,139,599	16,201,026

Refer also to the Income Statement for departmental splits of income and expenses. Note that as Property Investments are currently incurring a loss for tax purposes, no income tax is payable. These losses ensure that no tax is payable for the Licensed Club either.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

25 **New Accounting Standards and Interpretation**

Title of Standard	Issue Date	Application Date **
Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009
Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101)	September 2007	1 January 2009
Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	March 2008	1 July 2009
AASB 2008-7 Amendments to AASB 1 and AASB 127 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	July 2008	1 January 2009
Improvements to Australian Accounting Standards: AASB 2008-6 and AASB 2008-6	July 2008	1 January 2009
Improving Disclosures about Financial Instruments - Amendment to IFRS 7 Financial Instruments Disclosures	March 2009	1 January 2009
** Applicable to reporting periods commencing on or after the given dates		

Application of the above standards is not expected to affect any of the amounts recognised in the financial statements, but will result in changes to the additional information disclosed in the financial statements. No standards have been adopted early

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SUMMARY PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

TRADING ACCOUNT	2009	2008
STATEMENT OF BAR TRADING		
Sales	1,314,886	1,163,284
Less Cost of Sales	556,165	494,706
Gross Profit	758,721	668,578
Less Direct Expenses	323,427	300,257
Net Profit	435,294	368,321
STATEMENT OF POKER MACHINE OPERATIONS		
Net Revenue	2,150,143	2,152,561
Less Direct Expenses	578,348	534,176
Net Profit	1,571,795	1,618,385
STATEMENT OF PAPER GAMING		
Commission Income	103,460	89,080
Less Direct Expenses	40,667	73,716
Net Profit/(Loss)	62,793	15,364
OTHER INCOME	230,057	203,183
TOTAL CLUB INCOME	<u>2,299,939</u>	<u>2,205,253</u>
LESS CLUB EXPENSES		
Members Amenities	512,785	486,018
Clubhouse	320,580	374,286
Administration and Other	1,055,405	965,547
TOTAL CLUB EXPENSES	<u>1,888,770</u>	<u>1,825,851</u>
NET PROFIT FOR CLUB	<u>411,169</u>	<u>379,402</u>
STATEMENT OF SUMMERHILL PARK OPERATIONS		
Rental Income	438,442	427,434
Less Direct Expenses	636,804	643,675
Net Profit/(Loss)	<u>(198,362)</u>	<u>(216,241)</u>
STATEMENT OF WANGI SHORES RETIREMENT VILLAGE OPERATIONS		
Gross Income	48,878	215,616
Less Direct Expenses	650,732	327,311
Net Profit/(Loss)	<u>(601,854)</u>	<u>(111,695)</u>
RENTAL PROPERTY STATEMENT		
Rental Income	4,821	5,345
Less Direct Expenses	5,682	6,548
Net Profit/(Loss)	<u>(861)</u>	<u>(1,203)</u>
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX	<u>(389,908)</u>	<u>50,263</u>
INCOME TAX (EXPENSE) / BENEFIT	<u>34,438</u>	<u>24,909</u>
OPERATING PROFIT/(LOSS) AFTER INCOME TAX	<u>(355,470)</u>	<u>75,172</u>
RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR	10,020,764	9,945,592
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR	<u>9,665,294</u>	<u>10,020,764</u>

Summary Profit and Loss Statement
Not Covered by Audit Report on Page 6
Prepared for the information of Members in the Annual Report