UTS HABERFIELD CLUB LTD

UTS HABERFIELD CLUB REPORT 2010

UTS Haberfield Club again faced a tough year of trading in 2010 with economic conditions still slow to recover after the global financial crisis, increasing interest rates and a particularly long run of bad weather including a cold winter and significant rainfall keeping business quiet at the Club. While poker machine turnover and returns settled into more consistent yet still significantly lower levels than previous years, the bar sales and therefore net returns were down on previous years. Overall our net trading result is down on the budget resulting in a $34,568 deficit for the year. This result also included an extra $40,000 grant from the Union, reflecting the declining performance in the small Club sector as well as the deteriorated physical condition of the premises. The ongoing support of our members and guests in 2010 was critical to getting us through these tough trading conditions and at the end of the year a surge in new membership applications and stronger sales in December certainly produced a better year end for us than was expected.

For members in 2010 we have continued to discount pricing on all beverages and organise live music, trivia nights, members' jackpotting badge draws, regular happy hours and meat raffles. If you are keen to hear more from us about what's on at the Club please subscribe to our e-newsletter via our web site www.utshaberfieldclub.com.au .

As many members would be aware, UTS Union has been investigating the refurbishment of the Club for some time and we appreciate the patience of members as this complex process evolves. Hassel Architects have been engaged by UTS to prepare some potential plans which have been put on display at the Club. The feedback on these plans was generally favorable from members with some useful suggestions for the architects to consider. While limited by certain site and development constraints given our unique location, these initial plans aim to provide a modern attractive facility that meets all the needs of the UTS Rowing Club, UTS Haberfield Club and community expectations. This project is being submitted to Ashfield Council for Development Application approval. While this process is being completed we will be aiming to formalise funding arrangements with UTS for the refurbishment of the club, form a project control group and then plan the details for when the project will commence. We will ensure that as this project progresses, all members will be kept up to date via information at the Club and in our quarterly members' newsletters.

The Rowers Retreat restaurant, under the guidance of Pina Giompaolo, continues to be popular for members and regular guests. The team here is constantly working to provide quality and value meals with regular menu changes and specials. The Club is always available for functions and events so with great Italian food, drinks service from our Bar and fantastic views over Sydney Harbour, we encourage all members to recommend the UTS Haberfield club for your next social, community or work function.

Thank you to the members who attended the UTS Haberfield Club AGM in May, your feedback to the Board is always welcome. Again we have not increased the membership price for 2011 and will continue to offer discounted beverages and other member-only specials, activities and promotions.

With 2011 promising to be a stronger recovering economic climate than we have had for the past two years, we look forward to the support of our valued membership again. With the Club's redevelopment project progressing, we anticipate some significant changes for the future and will keep our members informed of any disruptions to our services as the details become known. We look forward to being of service to you in 2011.

Geoff Brooke-Smith
Food and Beverage Manager

UTS HABERFIELD CLUB LIMITED

ANNUAL REPORT

31 DECEMBER

2010

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report together with the financial report of UTS Haberfield Club Limited (the Company) for the financial year ended 31 December 2010 and the auditor's report thereon.

1. DIRECTORS
The directors of the Company at any time during or since the end of the financial year are:

Professor Geoff Riordan
B.Ed, M.Ed. PhD
Appointed 1 April 2008

Tom O'Sullivan
BA, LLB
Chief Executive Officer
Appointed 30 June 2004

Susan Kirk
BSc, GradDipOT
University Staff
Appointed 7 October 2006
Resigned 6 October 2010

Kamal Zreika
B.Bus, LLB
Student
Appointed 7 October 2007

Professor Anthony Moon
BSc (Hons) PhD, FAIP
Professor Emeritus
Appointed 1 February 2006

Alex Rybak
Student
Appointed 7 October 2008
Resigned 23 June 2010

Andrew Ho
Student
Appointed 7 October 2008
Resigned 6 October 2010

Felicity Evans
Student
Appointed 7 October 2008
Resigned 6 October 2010

Sandya Natarajan
Student
Appointed 7 October 2008
Resigned 6 October 2010

William Paterson
BA (Hons), M Ed Admin
University Staff
Appointed 1 January 2009

Professor Aron Murphy
BAppSci, BHumanMvtsci, PhD
University staff
Appointed 7 October 2009
Resigned 16 February 2011

Darren Bark
LLB (Hons I)
Solicitor and Electorate Officer
Appointed 7 October 2009

Laurence Wainwright
B.Bus
Student
Appointed 7 October 2009

Danny Butnaru
Student
Appointed 7 October 2010

James Fox
Student
Appointed 7 October 2010

Ali Shaheer Syed
Student
Appointed 7 October 2010

Jacqueline Wise
MMgmt (Mktg) (MGSM)
University Staff
Appointed 7 October 2010

Benjamin Turner
Student
Appointed 7 October 2010

Janet Lynne Currie
TC, AssocDipHEd, BEd (PhysEd),
BHlthSc (HProm), MEd,
MHlthSc (Hons), PhD
University Staff
Appointed 29 March 2011

2. DIRECTORS' MEETINGS

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

BOARD MEETINGS		
Director	**Number of meetings attended**	**Number of meetings held ***
Professor Geoff Riordan	9	10
Mr Darren Bark	3	10
Mr Danny Butnaru	2	2
Ms Felicity Evans	8	8
Mr James Fox	1	2
Mr Andrew Ho	5	8
Ms Sue Kirk	7	8
Professor Tony Moon	7	10
Professor Aron Murphy	5	10
Ms Sandya Natarajan	5	8
Mr Tom O'Sullivan	10	10
Mr William Paterson	10	10
Mr Alex Rybak	0	4
Mr Ali Shaheer Syed	2	2
Mr Ben Turner	1	2
Mr Laurence Wainwright	9	10
Ms Jacqui Wise	2	2
Mr Kamal Zreika	6	10

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

3. OBJECTIVES AND STRATEGY

The broad short term objectives of the Company are to provide an affordable social environment for members to enjoy food and beverage and gaming facilities; maintain existing rowing facilities at a standard required for high performance rowing and to encourage the participation in rowing by students. Long term objectives broadly relate to the provision of improved infrastructure and securing long term leasing of the property. Strategy for the short term objectives is focused on providing pricing, entertainment and services for membership of the Company with regular review for appropriateness and relevance. Strategy to meet long term objectives is to work with the University of Technology, Sydney and the UTS Union Ltd to identify the feasibility of clubhouse building restructure and funding opportunities.

The Board identifies strategic direction in the delivery of student and campus services through an annual corporate plan that identifies a number of financial and operational key performance indicators (KPIs). These KPIs are regularly reviewed by management to gauge the performance of operations and ensure that the measures adopted continue to be relevant in the changing economic environment in which the Union operates.

4. PRINCIPAL ACTIVITIES AND PERFORMANCE

The principal activities of the Company during the course of the financial year were the conduct and promotion of a licensed social club and facilities for the members of the Company.

There were no significant changes in the nature of the activities of the Company during the year.

Operating and financial review

The loss after tax for the year amounted to $34,568 (2009: $1,434 profit). This resulted after charging $18,787 (2009: $16,088) for depreciation and charging $Nil (2009: $Nil) for income tax.

5. MEMBERSHIP

The Company is a company limited by guarantee and without share capital. In accordance with the constitution of the Company, every member of the Company undertakes to contribute an amount limited to $5 per member in the event of the winding up of the Company during the time he or she is a member or within one year thereafter. The total amount that members of the Company are liable to contribute if the Company is wound up is $7,980 (2009: $7,385).

	2010	2009
	No.	**No.**
Ordinary	**1,596**	1,477

6. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 11 and forms part of the directors' report for the financial year ended 31 December 2010.

This report is made with a resolution of the directors:

A. Moon
Dated at Sydney this 28th day of April 2011

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the directors of UTS Haberfield Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2010, 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.

KPMG

Cameron Roan
Partner
Sydney
28th April 2011

Statement of financial position

As at 31 December 2010

In AUD		**2010**	2009
Assets			
Cash and cash equivalents	4	**372,674**	341,912
Prepayment and other assets	5	**21,253**	40,436
Inventories	6	**19,592**	21,182
Total current assets		**413,519**	403,530
Property, plant and equipment	7	**27,207**	45,994
Total non-current assets		**27,207**	45,994
Total assets		**440,726**	449,524
Liabilities			
Trade and other payables	9	**264,516**	234,190
Employee benefits	10	**12,793**	17,349
Total current liabilities		**277,309**	251,539
Total liabilities		**277,309**	251,539
Net assets		**163,417**	197,985
Members' funds			
General funds		**163,417**	197,985
Total members' funds		**163,417**	197,985

The notes on pages 16 to 34 are an integral part of these financial statements.

Statement of comprehensive income

For the year ended 31 December 2010

In AUD	Note	2010	2009
Revenue	11	**811,452**	874,066
Cost of goods sold		**(198,145)**	(203,629)
Personnel expenses	12	**(267,792)**	(289,761)
Events and functions expenses		**(26,610)**	(34,176)
Insurance expenses		**(36,050)**	(35,164)
Management fee		**(50,000)**	(50,000)
Poker machine expenses		**(7,187)**	(7,111)
Professional services expenses		**(21,675)**	(20,720)
Property expenses		**(83,412)**	(86,226)
Rent and rates expenses		**(69,089)**	(66,397)
Repairs and maintenance expenses		**(36,428)**	(34,275)
Other expenses		**(31,650)**	(30,080)
(Loss)/earnings before interest, income tax and depreciation		**(16,586)**	16,527
Depreciation		**(18,787)**	(16,088)
Results from operating activities		**(35,373)**	439
Interest income		**805**	995
(Loss)/profit before income tax		**(34,568)**	1,434
Income tax expense	13	**-**	-
(Loss)/profit for the year		**(34,568)**	1,434
Other comprehensive income		**-**	-
Total comprehensive (loss)/income for the year		**(34,568)**	1,434

The notes on pages 16 to 34 are an integral part of these financial statements.

Statement of changes in members' funds

For the year ended 31 December 2010

In AUD	**General funds**
Balance at 1 January 2009	196,551
Total comprehensive income for the year	
Profit for the year	1,434
Other comprehensive income	-
Balance at 31 December 2009	197,985
Balance at 1 January 2010	**197,985**
Total comprehensive loss for the year	
Loss for the year	(34,568)
Other comprehensive income	**-**
Balance at 31 December 2010	**163,417**

The notes on pages 16 to 34 are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2010

In AUD	Note	2010	2009
Cash flows from operating activities			
Cash receipts from customers		**892,597**	933,563
Cash paid to suppliers and employees		**(924,559)**	(973,696)
Cash used in operations		**(31,962)**	(40,133)
Interest received		**805**	995
Net cash used in operating activities	4	**(31,157)**	(39,138)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**-**	(34,687)
Net cash used in investing activities		**-**	(34,687)
Cash flows from financing activities			
Advance from related party		**61,919**	80,906
Net cash from financing activities		**61,919**	80,906
Net increase in cash and cash equivalents		**30,762**	7,081
Cash and cash equivalents at beginning of year		**341,912**	334,831
Cash and cash equivalents at end of year	4	**372,674**	341,912

The notes on pages 16 to 34 are an integral part of these financial statements.

1. Reporting entity

UTS Haberfield Club Limited (the Company) is a company limited by guarantee and domiciled in Australia. The address of the Company's registered office is Dobroyd Parade, Haberfield NSW 2045. UTS Union Limited is the ultimate Australian parent company. The financial statements of the Company are as at and for the year ended 31 December 2010.

The principal activities of the Company during the course of the financial year were the conduct and promotion of a licensed social club and facilities for the members of the Company.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001, the Registered Clubs Amendment Act 2006 and the Gaming Machines Tax Act 2001. The financial statements do not comply with International Financial Reporting Standards (IFRSs) as the Company has adopted the exemptions allowed for not-for-profit organisations under AASB 101 Presentation of Financial Statements.

The financial statements were approved by the Board of Directors on 28th April 2011.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(**c) Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, are included in the notes to the financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) Non-derivative financial assets

Financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

3. Significant accounting policies *continued*

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a componet of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives for the current and comparative years are as follows:

- Plant and equipment 4 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(d) Impairment

(i) Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or economic conditions that correlate with defaults.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

3. Significant accounting policies *continued*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(f) Revenue

(i) Goods sold and services rendered

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods. It is measured at the fair value of the consideration received or receivable and is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered comprises revenue from gaming facilities together with other services to members and patrons of the Company. It is measured at the fair value of the consideration received or receivable and is recognised in profit or loss as the services are provided. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is risk of return of goods or there is continuing management involvement with the goods.

(ii) Other revenue

Other revenue comprises grants and donation income from the parent entity and other various sundry income. Grants and donation income is recognised in profit or loss on the consideration received or receivable.

(g) Lease payments

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are operating leases and the leased assets are not recognised in the Company's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(h) Interest income

Interest income on funds invested is recognised as it accrues in profit or loss, using the effective interest method.

(i) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in members funds or in other comprehensive income.

3. Significant accounting policies *continued*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Income Tax Assessment Act 1997 (amended) provides that under the concept of mutuality, clubs are only liable for income tax on income derived from non-members and from outside entities.

(j) Goods and services tax

Revenue, 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(k) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for AASB 9 Financial Instruments, which becomes mandatory for the Company's 2013 financial statements and could change the classification and measurement of financial assets; and AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-02 Amendments to Australian Standards arising from Reduced Disclosure Requirements, which becomes mandatory for the Company's 2014 financial statements, the amendments only affect presentation aspects of the financial statements. The Company does not plan to adopt these standards early and the extent of the impact has not been determined.

4. Cash and cash equivalents

In AUD	2010	2009
Bank balances	**356,016**	325,052
Cash on hand	**16,658**	16,860
Cash and cash equivalents in the statement of cash flows	**372,674**	341,912

The Company's exposure to credit and interest rate risks and a sensitivity analysis for financial assets are disclosed in note 14.

Reconciliation of cash flows from operating activities

	2010	2009
(Loss)/profit for the year	**(34,568)**	1,434
Adjustments for:		
Depreciation	**18,787**	16,088
Net loss on sale of property, plant and equipment	**-**	168
Interest income	**(805)**	(995)
Operating profit before changes in working capital and provisions	**(16,586)**	16,695
Change in prepayment and other assets	**19,183**	(27,910)
Change in inventories	**1,590**	248
Change in trade and other payables	**(31,593)**	(29,919)
Change in employee benefits	**(4,556)**	753
	(31,962)	(40,133)
Interest received	**805**	995
Net cash used in operating activities	**(31,157)**	(39,138)

5. Prepayment and other assets

In AUD	**2010**	2009
Current		
Prepayment	**15,085**	37,939
Other assets	**6,168**	2,497
	21,253	40,436

6. Inventories

In AUD	**2010**	2009
Finished goods	**19,592**	21,182

7. Property, plant and equipment

In AUD	**Plant and equipment**	**Total**
Cost		
Balance at 1 January 2009	286,442	286,442
Additions	34,687	34,687
Disposals	(2,270)	(2,270)
Balance at 31 December 2009	318,859	318,859
Balance at 1 January 2010	**318,859**	**318,859**
Balance at 31 December 2010	**318,859**	**318,859**
Depreciation		
Balance at 1 January 2009	258,879	258,879
Depreciation for the year	16,088	16,088
Disposals	(2,102)	(2,102)
Balance at 31 December 2009	272,865	272,865

7. Property, plant and equipment *continued*

In AUD	Plant & Equipment	Total
Balance at 1 January 2010	**272,865**	**272,865**
Depreciation for the year	**18,787**	**18,787**
Balance at 31 December 2010	**291,652**	**291,652**
Carrying amounts		
At 1 January 2009	27,563	27,563
At 31 December 2009	45,994	45,994
At 1 January 2010	**45,994**	**45,994**
At 31 December 2010	**27,207**	**27,207**

8. Core property

Pursuant to section 41J of the Registered Clubs Amendment Act 2006, all the Company's properties are core properties.

9. Trade and other payables

In AUD	**2010**	2009
Trade payables and accrued expenses	**49,576**	81,323
Revenue received in advance	**9,118**	8,964
Payable to related party	**205,822**	143,903
	264,516	234,190

The Company's exposure to liquidity risk related to trade and other payables is disclosed in note 14.

10. Employee benefits

In AUD	**2010**	2009
Current		
Liability for annual leave	**12,793**	17,349

11. Revenue

In AUD	**2010**	2009
Revenue from sale of goods	**534,470**	561,892
Revenue from rendering of services	**235,693**	231,231
Other revenue	**41,289**	80,943
	811,452	874,066

12. Personnel expenses

In AUD	**2010**	2009
Wages and salaries	**248,702**	241,107
Other associated personnel expenses	**2,793**	25,919
Contributions to defined contribution superannuation funds	**20,853**	21,982
Movement in liability for annual leave	**(4,556)**	753
	267,792	289,761

13. Income tax expense

In AUD	**2010**	2009

The income tax in the statement of comprehensive income has been calculated as follows:

Proportion of net taxable income attributable to non-members	**533,539**	565,551
Less: Proportion of expenses attributable to non-members	**(593,294)**	(606,640)
	(59,755)	(41,089)
Add: Other taxable income	**57,592**	76,573
Less: Other deductible expenses	**(23,692)**	(25,036)
Net income subject to tax	**(25,855)**	10,448

13. Income tax expense *continued*

In AUD	**2010**	2009
Income tax (benefit)/expense using the Company's statutory income tax rate of 30% (2009: 30%)	**(7,756)**	3,134
Unrecognised tax losses reversed/(utilised)	**7,756**	(3,134)
	-	-

Estimated deferred tax assets have not been recognised in respect of the following items:

In AUD	**2010**	2009
Unrecognised deferred tax assets		
Deductible temporary differences	**3,838**	5,205
Tax losses	**7,756**	56,764
	11,594	61,969

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the entity can utilise the benefits from.

14. Financial risk management and financial instruments

Overview
The Company has exposure to the following risks from its use of financial instruments:
• credit risk
• liquidity risk
• market risk

This note presents information about the Company's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risk.

Risk management framework
The Board of directors has overall responsibility for the establishment and oversight of the risk management framework and is also responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

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, and arises principally from the Company's cash and cash equivalents.

Management of credit risk
Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets. The Company limits its exposure to credit risk on cash and cash equivalents by only investing in current and deposit accounts with independently credit - related Australian standardlised financial institutions. These are generally held on short terms (less than three months) to ensure funds are immediately accessible for operating and investing needs.

Exposure to credit risk
The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

In AUD	**Note**	**2010**	2009
Cash and cash equivalents	4	**372,674**	341,912

At the reporting date there were no significant concentrations of credit risk by geographic region or by customer.

14. Financial risk management and financial instruments *continued*

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Management of liquidity risk
The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk
The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

In AUD	Note				
31 December 2010		**Carrying amount**	**Contractual cash flows**	**Less than one year**	**2-5 years**
Trade and other payables	9	**(264,516)**	**(264,516)**	**(264,516)**	**-**
31 December 2009					
Trade and other payables	9	(234,190)	(234,190)	(234,190)	-

Market risk
Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of interest rate risk
The Company's cash and cash equivalents are subject to interest rate risk. The Company does not use derivatives to minimise this risk and this will fluctuate in accordance with movements in the market interest rates.

Interest rate risk profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
In AUD	**2010**	2009
Variable rate instruments		
Cash and cash equivalents	**372,674**	341,912

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/decreased profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

	Profit or loss	
In AUD	**100 bps**	**100 bps**
31 December 2010	**Increase**	**Decrease**
Variable rate instruments	**3,727**	**(3,727)**
31 December 2009		
Variable rate instruments	3,419	(3,419)

Fair value

As at the reporting date, the carrying values of financial assets and liabilities are considered to approximate their fair value.

15. Related parties

The following were key management personnel of the Company at any time during the reporting period, and unless otherwise indicated were key management personnel for the entire year:

Non-executive directors

Professor Geoff Riordan
Kamal Zreika
Professor Anthony Moon
Susan Kirk (Resigned 6 October 2010)
Alex Rybak (Resigned 23 June 2010)
Andrew Ho (Resigned 6 October 2010)
Felicity Evans (Resigned 6 October 2010)
Sandya Natarajan (Resigned 6 October 2010)
William Paterson
Professor Aron Murphy (Resigned 16 February 2011)
Darren Bark
Laurence Wainwright
Danny Butnaru (Appointed 7 October 2010)
James Fox (Appointed 7 October 2010)
Ali Shaheer Syed (Appointed 7 October 2010)
Jacqueline Wise (Appointed 7 October 2010)
Benjamin Turner (Appointed 7 October 2010)

Executives

Tom O'Sullivan (UTS Union Limited, Chief Executive Officer)

Transactions with key management personnel

Executive key management personnel for the Company are employed by the parent entity. The parent entity charges the Company a portion of remuneration for its employees who act in the capacity of key executive management personnel for the Company.

The compensation received by executive key management personnel included in the management fee charge is as follows:

In AUD	**2010**	2009
Short-term employee benefits	**8,874**	8,380

Non-executive directors do not receive any remuneration in connection with their services performed at the Company.

Other key management personnel transactions with the Company
From time to time, key management personnel of the Company, or their related entities, may purchase goods from the Company. These purchases are on the same terms and conditions as those entered into by other Company employees or customers and are trivial or domestic in nature.

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

Non-key management personnel
Identity of related parties
The Company is a subsidiary of UTS Union Limited (parent entity).

Balances with related parties
Aggregate amounts receivable from or payable to, each class of related party at reporting date:

In AUD	**2010**	2009
Current payables		
Parent entity	**205,822**	143,903

The balance is non-interest bearing.

Transactions with related parties
Aggregate amounts brought to account from transactions with the parent entity are:

In AUD	**2010**	2009
Grants and donation income	**40,000**	40,000
Management fee expense	**(50,000)**	(50,000)

16. Operating leases

Non-cancellable operating leases are payable as follows:

In AUD	**2010**	2009
Less than one year	**35,954**	36,116
Between one and five years	**17,977**	54,174
	53,931	90,290

17. Subsequent events

There have been no events subsequent to reporting date which would have a material effect on the Company's financial statements at 31 December 2010.

18. Auditor's remuneration

In AUD	**2010**	2009
Auditor of the Company		
KPMG Australia:		
Audit services		
Audit and review of financial reports	**13,200**	13,000
Financial statements compilation	**5,700**	5,600
	18,900	18,600
Other services		
Taxation services	**3,100**	2,900

In the opinion of the directors of UTS Haberfield Club Limited (the Company):

(a) the financial statements and notes that are set out on pages 7 to 25, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 31 December 2010 and of their performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

A. Moon
Dated at Sydney this 28th day of April 2011.

We have audited the accompanying financial report of UTS Haberfield Club Limited (the Company), which comprises the statement of financial position as at 31 December 2010, and statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the year ended on that date, notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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

Independence

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

Auditor's opinion

In our opinion the financial report of UTS Haberfield Club Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

KPMG

Cameron Roan
Partner
Sydney
28th April 2011