ANNUAL REPORT

2011

UTS HABERFIELD CLUB LTD

UTS HABERFIELD CLUB REPORT 2011

The UTS Haberfield Club had another difficult year of trading in 2011. While net revenues from poker machines declined in comparison with the previous two years, bar trading, club functions and member activities all performed stronger than anticipated. The overall net trading result was down on budget resulting in a $65,155 deficit for the year and net member funds on the balance sheet are now at $98,262. This year's result did not include a $40,000 grant from the Union that was received last year. With the continuing trading deficits we have incurred over the past few years, the Development Application for the redevelopment of the Club now with Ashfield Council is crucial. Subsequent support from UTS and the UTS Union to finance the planned redevelopment of the Club is critical for its continued future viability.

The development process has been quite exhaustive over this year due to the complex nature of the Club's location and dealing with all parties who have an interest in the Club and the land on which it sits. These parties include NSW Roads and Maritime, the NSW State Government as well as Ashfield Council. The approval process should be finalised within the first quarter of 2012 when progress on the funding commitments and timing for when the redevelopment will occur and can be communicated to members. We appreciate the ongoing patience and understanding of the Club's members and guests over the extended time this process has now taken, however it is necessary to best meet the future needs of club users and the local community while complying with State and local government regulatory obligations.

The Rowers Retreat restaurant continued to be popular for members and regular guests this year with numerous functions taking place in addition to its regular steady restaurant trade. We encourage all members to recommend the UTS Haberfield Club for your next social, community or work function. For club members in 2012 we will continue to offer discounts on all beverage prices and organise live music, trivia nights, members' jackpotting badge draws, regular happy hours and meat raffles. Thank you to the members who attended the Club AGM in May and Christmas drinks in December.

With the passing of the UTS Union's CEO Tom O'Sullivan on November 10 2011, the UTS Haberfield Club has lost one of its greatest supporters who championed for the initiation and progression of the Club's redevelopment to secure its future. Despite his significant work load Tom made particular effort to be at the Club regularly over the years and was well known and highly regarded by its members. Tom had a great affection for everything the club stood for and its role within the local Haberfield community - he was always keen to mix with the members at the club to get their thoughts on how things were going and to advise them of club progress and news. While his presence at and involvement with the club is already sorely missed, members can be assured that his work and future vision for the Club will be carried on by the UTS Haberfield Club Board and management team.

With 2012 promising to be a pivotal time for the future of the UTS Haberfield Club and its redevelopment, we look forward to the support of our loyal and valued members. We will endeavor to keep our members informed of any disruptions to our services as details of the redevelopment process become known and we look forward to being of continued service to you.

Geoff Brooke-Smith
Food and Beverage Manager

UTS HABERFIELD CLUB LIMITED

ANNUAL REPORT

31 DECEMBER

2011

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report together with the financial report of UTS Haberfield Club Limited (the Company) for the financial year ended 31 December 2011 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
Resigned 17 February 2012

Tom O'Sullivan
BA, LLB
Chief Executive Officer
Appointed 1 July 2004
Deceased 10 November 2011

Kamal Zreika
B.Bus, LLB
Student
Appointed 7 October 2007
Resigned 6 October 2011

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

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
Resigned 3 May 2011

Laurence Wainwright
B.Bus
Student
Appointed 7 October 2009
Resigned 6 October 2011

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

John James Marcus
Student
Appointed 7 October 2011

Nicholas Bentley
Student
Appointed 7 October 2011

Aaron Ngan
Student
Appointed 7 October 2011

Professor Robert Lisle Lynch
PhD (Illinois), MEd, BEd (Hons) (UWA),
DipPhysEd (Wollongong TC)
Appointed 20 February 2012

Elizabeth Ann Brett
Executive Masters in Business Administration
Appointed 23 February 2012

Brooke El-Azzi
Student
Appointed 15 May 2011
Resigned 6 October 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	8	12
Mr Tom O'Sullivan	6	11
Mr Kamal Zreika	7	8
Professor Anthony Moon	9	12
Mr William Paterson	11	12
Professor Aron Murphy	-	1
Mr Darren Bark	-	3
Mr Laurence Wainwright	7	8
Mr Danny Butnaru	7	12
Mr James Fox	9	12
Mr Ali Shaheer Syed	6	12
Ms Jacqueline Wise	11	12
Mr Ben Turner	10	12
Ms Janet Lynne Currie	9	9
Mr John James Marcus	4	4
Mr Nicholas Bentley	3	4
Mr Aaron Ngan	4	4
Ms Brooke El-Azzi	5	5

* 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 member 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 Club 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 for its members and non-member visitors to the Company's facilities.

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 $ 65,155 (2010: $34,568 loss after 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 period of membership or within one year thereafter. The total amount that members of the Company are liable to contribute if the Company is wound up is $8,150 (2010: $7,980).

	2011	2010
	No.	No.
Ordinary	**1,630**	1,596

6. EVENTS SUBSEQUENT TO REPORTING DATE

The Company's leases expire on 30 June 2012. Subsequent to year end the relevant authorities have given approval for the Haberfield Redevelopment and while the Company has the right to exercise an option to renew for a further five years, securing the long term tenure of the Company, new leases will be negotiated and executed as required. The University of Technology, Sydney (the University) has subsequent to year end approved for a capital commitment to the Haberfield Redevelopment. The UTS Union has subsequent to year end, provided approval for a capital commitment to the Haberfield Redevelopment. Other than the above there have been no events subsequent to reporting date which would have a material effect on the Company's financial statements at 31 December 2011.

6. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 13 and forms part of the directors' report for the financial year ended 31 December 2011.
This report is made with a resolution of the directors:

Professor Robert Lynch
Dated at Sydney this 19th April 2012.

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 2011, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Cameron Roan
Partner
Sydney
19th April 2012

Statement of financial position

As at 31 December 2011

In AUD		**2011**	2010
Assets			
Cash and cash equivalents	4	**211,198**	372,674
Receivables		**2,000**	6,168
Inventories	5	**21,616**	19,592
Prepayments		**16,496**	15,085
Total current assets		**251,310**	413,519
Property, plant and equipment	6	**14,242**	27,207
Total non-current assets		**14,242**	27,207
Total assets		**265,552**	440,726
Liabilities			
Trade and other payables	8	**146,827**	255,398
Employee benefits	9	**11,581**	12,793
Revenue received in advance		**8,882**	9,118
Total current liabilities		**167,290**	277,309
Total liabilities		**167,290**	277,309
Net assets		**98,262**	163,417
Members' funds			
General funds		**98,262**	163,417
Total members' funds		**98,262**	163,417

The notes on pages 18 to 32 are an integral part of these financial statements.

Statement of comprehensive income

For the year ended 31 December 2011

In AUD	Note	2011	2010
Revenue	10	**758,124**	811,452
Change in inventories of finished goods		**2,024**	(1,590)
Raw materials and consumables used		**(179,209)**	(196,555)
Personnel expenses	11	**(253,554)**	(267,792)
Events and functions expenses		**(18,939)**	(26,610)
Insurance expenses		**(40,588)**	(36,050)
Management fee		**(50,000)**	(50,000)
Poker machine expenses		**(7,359)**	(7,187)
Professional services expenses		**(29,790)**	(21,675)
Property expenses		**(92,190)**	(83,412)
Rent and rates expenses		**(75,535)**	(69,089)
Repairs and maintenance expenses		**(32,315)**	(36,428)
Depreciation		**(12,965)**	(18,787)
Other expenses		**(33,506)**	(31,650)
Results from operating activities		**(65,802)**	(35,373)
Interest income		**647**	805
Net finance income		**647**	805
Loss before income tax		**(65,155)**	(34,568)
Income tax expense	12	**-**	-
Loss for the year		**(65,155)**	(34,568)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(65,155)**	(34,568)

The notes on pages 18 to 32 are an integral part of these financial statements.

Statement of changes in members' funds

For the year ended 31 December 2011

In AUD	General funds
Balance at 1 January 2010	197,985
Total comprehensive income for the year	
Loss for the year	(34,568)
Other comprehensive income	-
Balance at 31 December 2010	163,417
Balance at 1 January 2011	**163,417**
Total comprehensive income for the year	
Loss for the year	**(65,155)**
Other comprehensive income	**-**
Balance at 31 December 2011	**98,262**

The notes on pages 18 to 32 are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2011

In AUD	Note	2011	2010
Cash flows from operating activities			
Cash receipts from customers		**837,868**	892,597
Cash paid to suppliers and employees		**(877,646)**	(924,559)
Cash used in operations		**(39,778)**	(31,962)
Interest received		**647**	805
Net cash used in operating activities		**(39,131)**	(31,157)
Cash flows from investing activities			
Net cash used in investing activities		**-**	-
Cash flows from financing activities			
Advance to related party		**(122,345)**	-
Advance from related party		**-**	61,919
Net cash (used in)/from financing activities		**(122,345)**	61,919
Net (decrease)/increase in cash and cash equivalents		**(161,476)**	30,762
Cash and cash equivalents at beginning of year		**372,674**	341,912
Cash and cash equivalents at end of year	4	**211,198**	372,674

The notes on pages 18 to 32 are an integral part of these financial statements.

1. Reporting entity

UTS Haberfield Club Limited (the Company) is a reporting entity and a company limited by guarantee domiciled in Australia. The address of the Company's registered office is Dobroyd Parade, Haberfield NSW 2045. UTS Union Limited is the parent company and the ultimate parent entity. The financial statements of the Company are as at and for the year ended 31 December 2011.

The principal activities of the Company during the course of the financial year were the conduct and promotion of a licensed social club for its members and non-member visitors to the Company's facilities.

2. Basis of preparation

(a) Statement of compliance

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (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 Company early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Standards arising from Reduced Disclosure Requirements for the financial year beginning on 1 January 2011 to prepare Tier 2 general purpose financial statements.

The financial statements were approved by the Board of Directors on 19 April 2012.

(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.

(e) Changes in accounting policies

Presentation of financial statements under reduced disclosure

The Company early adopted reduced disclosure requirements in AASB 1053 Application of Tiers of Australian Accounting Standards, AASB 2010-2 Amendments to Australian Standards arising from Reduced Disclosure Requirements. This has resulted in a reduction of disclosures for items such as financial instruments and reconciliation of cash flows.

Where appropriate, comparative information has been modified or removed so that it also conforms to the new disclosure requirements. Since the change in accounting policy only impacts presentation aspects, there is no impact on total comprehensive income for the previous financial year.

(f) Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue trading, realise its assets and discharge its liabilities in the ordinary course of business for a period of at least 12 months from the date that these financial statements are approved.

The Directors note the following events and conditions which have been considered in assessing the appropriateness of the going concern assumption:

- The leases over the Company's premises expire on 30 June 2012;
- The Company is reliant upon ongoing funding, including funding for the redevelopment plan of the Company's premises (the Haberfield Redevelopment), and administrative support from its parent entity UTS Union Limited; and
- The Company recorded a loss of $65,155 (2010: $34,568) and generated cash outflows from operations $39,131 (2010: $31,157).

In considering the appropriateness of the use of the going concern assumption, the Directors have had regard to the following in assessing the appropriateness of using the going concern assumption:

- The Company's leases expire on 30 June 2012. While the Company has the right to exercise an option to renew for a further five years, subsequent to year end the relevant authorities have given approval for the Haberfield Redevelopment and as such new leases securing the long term tenure of the Company will be negotiated and executed as required. The Directors have no reason to believe that long term tenure cannot be secured;
- The University of Technology, Sydney (the University) has subsequent to year end approved a capital commitment to the Haberfield Redevelopment;
- The UTS Union has subsequent to year end, provided approval for a capital commitment to the Haberfield Redevelopment;

2. Basis of preparation

(f) Going concern (continued)

- The Directors of the Company are confident that should further funding be required over the next twelve months, that such funding would be provided to the Company to ensure it can pay its debts as and when they fall due. Additionally, the Directors are confident that the amount due to the UTS Union of $83,477 will not be called to the extent the Company will not be able to trade solvently; and
- The Company has cash assets of $211,198 (2010: $372,674), positive working capital of $84,020 (2010: $136,210) and positive net assets of $98,262 (2010: $163,417).

After considering the above factors, the Directors have concluded that the use of the going concern assumption is appropriate. Had the going concern basis not been used, adjustments would need to be made relating to the recoverability and classification of certain assets, and the classification and measurement of certain liabilities to reflect the fact that the Company may be required to realize its assets and settle its liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial report.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2(e) which address changes in accounting policies.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(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.

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

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise receivables.

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, cancelled or expired. 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 (excluding accrued expenses).

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.

(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.

3. Significant accounting policies *continued*

(b) Property, plant and equipment

(ii) Subsequent costs

The cost of replacing a component 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 firstin 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.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with 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 any judgement by management 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.

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.

3. Significant accounting policies *continued*

(d) Impairment (continued)

(ii) Non-financial assets

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) Short-term employee 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 a risk of return of the goods or there is continuing management involvement with the goods.

(ii) Other revenue

Other revenue comprises grants and donations from the parent entity and other various sundry income. Grants and donation income is recognised in profit or loss when the considerations received or become 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 tax 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.

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.

3. Significant accounting policies *continued*

(i) Income tax (continued)

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.

4. Cash and cash equivalents

In AUD	**2011**	2010
Bank balances	**194,458**	356,016
Cash on hand	**16,740**	16,658
Cash and cash equivalents in the statement of cash flows	**211,198**	372,674

5. Inventories

In AUD	**2011**	2010
Finished goods	**21,616**	19,592

6. Property, plant and equipment

In AUD	**Plant and equipment**	**Total**
Cost		
Balance at 1 January 2011	**318,859**	**318,859**
Balance at 31 December 2011	**318,859**	**318,859**
Depreciation		
Balance at 1 January 2011	**291,652**	**291,652**
Depreciation for the year	**12,965**	**12,965**
Balance at 31 December 2011	**304,617**	**304,617**
Carrying amounts		
At 1 January 2011	**27,207**	**27,207**
At 31 December 2011	**14,242**	**14,242**

7. Core and non-core properties

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

8. Trade and other payables

In AUD	**2011**	2010
Current		
Trade payables	**22,757**	28,632
Payable to related party	**83,477**	205,822
Other payables and accrued expenses	**40,593**	20,944
	146,827	255,398

9. Employee benefits

In AUD	**2011**	2010
Current		
Liability for annual leave	**11,581**	12,793

10. Revenue

In AUD	**2011**	2010
Sales of goods	**513,820**	534,470
Rendering of services	**238,347**	235,693
Other revenue	**5,957**	41,289
	758,124	811,452

11. Personnel expenses

In AUD	**2011**	2010
Wages and salaries	**228,163**	248,702
Other associated personnel expenses	**6,540**	2,793
Contributions to defined contribution superannuation funds	**20,063**	20,853
Movement in liability for annual leave	**(1,212)**	(4,556)
	253,554	267,792

12. Income tax expense

Numerical reconciliation between tax expense and pre-tax accounting profit

In AUD	**2011**	2010

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

Proportion of net taxable income attributable to non-members	**496,644**	533,539
Less: Proportion of expenses attributable to non-members	**(571,498)**	(593,294)
	(74,854)	(59,755)
Add: Other taxable income	**55,842**	57,592
Less: Other deductible expenses	**(3,020)**	(23,692)
Net income subject to tax	**(22,032)**	33,900
Income tax expense using the Company's statutory income tax rate of 30% (2010: 30%)	**(6,610)**	(7,756)
Unrecognised tax losses reversed	**6,610**	7,756
	-	-

12. Income tax expense *continued*

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

In AUD	**2011**	2010
Unrecognised deferred tax assets		
Deductible temporary differences	**3,474**	3,838
Tax losses	**14,365**	7,756
	17,839	11,594

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.

13. Contingent assets and contingent liabilities

There are no contingent assets or contingent liabilities at reporting date which would have a material effect on the Company's financial statements at 31 December 2011.

14. Related parties

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 $9,228 (2010: $8,874).

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

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

Apart from the details disclosed in this note, no other key management personnel has transacted with the Company since the end of the previous financial year and there were no outstanding balances involving key management personnel's interests existing at year-end.

Other related party transactions
The Company is a subsidiary of UTS Union Limited (parent entity).

Balances with related party
Aggregate amounts receivable from or payable to the parent entity at reporting date are:

In AUD	**2011**	2010
Current payables		
Parent entity	**83,477**	205,822

The balance is non-interest bearing.

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

In AUD	**2011**	2010
Grants and donation income	**-**	40,000
Management fee expense	**(50,000)**	(50,000)

15. Operating leases

Non-cancellable operating leases are payable as follows:

In AUD	**2011**	2010
Less than one year	**20,317**	35,954
Between one and five years	**-**	17,977
	20,317	53,931

16. Subsequent events

Other than matters referred to in Note 2(f), there have been no events subsequent to reporting date which would have a material effect on the Company's financial statements at 31 December 2011.

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 14 to 32, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2011 and of their performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements 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.

Professor Robert Lynch
Dated at Sydney this 19th April 2012.

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 2011, and statement of comprehensive income, statement of changes members' funds and statement of cash flows for the year ended on that date, notes 1 to 16 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 – Reduced Disclosure Requirements 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 – Reduced Disclosure Requirements, 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 the 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 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

KPMG

Cameron Roan
Partner
Sydney
19 April 2012