UTS HABERFIELD CLUB LIMITED

ANNUAL REPORT

31 DECEMBER

2012

UTS HABERFIELD CLUB REPORT 2012

UTS Haberfield Club faced a challenging year of trading in 2012, with economic conditions still sluggish and a particularly long run of significant rainfall, keeping business quiet at the Club in the first half of the year. Pleasingly the Club performed well in the second half of the year, with activity in the bar, restaurant and poker machine areas increasing significantly. Overall the net loss for the year was $22,762, which was a vast improvement on the previous year. The ongoing support of our members and guests in 2012, as well as the knowledge and enthusiasm of a new club manager (Lloyd Fraser), saw the Club, for the first time in many years, improve its financial position. In 2012 the Club strived to support its members with a continued commitment to discounted beverages, live music, trivia nights, members' jackpotting badge draws, regular happy hours and meat raffles.

As many members would be aware, the UTS Union had been investigating the refurbishment of the Club and in 2012 we were able to announce that the project was approved. Throughout the year the designs were completed, submitted to Ashfield Council and ultimately the Union received confirmation that the DA was approved. Following DA approval, the Union worked in collaboration with the University and Hassell Architects to finalize the detailed designs of the redeveloped Club. We ensured that members were kept regularly updated via the Haberfield Newsletters and we greatly appreciate the patience of members, as this complex process has taken many years to get to this point. We thank members for their feedback on the redevelopment plans and in particular for the useful suggestions provided to the architects at the UTS Haberfield Club AGM, held in May 2012.

We held a 'Rowing into the Future' event on December 2, 2012 to formally farewell the club. It was a brilliant event and wonderful to see so many members in attendance. We thank the Rowers Retreat restaurant under the guidance of Pina Giompaolo for their many years of delicious delicacies and wonderful service. We thank each and every one of our members who have been with us for so many years and we look forward to presenting you with your brand new club in 2014.

Elizabeth Brett
Chief Executive Officer
UTS Union Ltd

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

Danny Butnaru
Student
Appointed 7 October 2010
Resigned 2 October 2012

James Fox
Student
Appointed 7 October 2010
Resigned 2 October 2012

Ali Shaheer Syed
Student
Appointed 7 October 2010
Resigned 2 October 2012

Benjamin Turner
Student
Appointed 7 October 2010
Resigned 2 October 2012

Jacqueline Wise
MMgmt (Mktg) (MGSM)
University Staff
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

Yannick Gachter
Student
Appointed 3 October 2012

Rayan Jericho Calimlin
Student
Appointed 3 October 2012

Lloyd Charles Wood
Student
Appointed 3 October 2012

Akshay Rajat Kumar
Student
Appointed 3 October 2012

2. DIRECTORS' MEETINGS

The number of directors' meetings 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	0	0
Professor Anthony Moon	10	11
William Paterson	10	11
Danny Butnaru	8	9
James Fox	7	9
Ali Shaheer Syed	6	9
Benjamin Turner	8	9
Jacqueline Wise	9	11
Janet Lynne Currie	10	11
John James Marcus	10	11
Nicholas Bentley	9	11
Aaron Ngan	8	11
Professor Robert Lisle Lynch	10	11
Elizabeth Ann Brett	11	11
Yannick Gachter	2	2
Rayan Jericho Calimlin	2	2
Lloyd Charles Wood	2	2
Akshay Rajat Kumar	2	2

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

3. OBJECTIVES AND STRATEGY

The objective of the Company is to provide a community based social club encompassing food and beverage and gaming coupled with rowing facilities to cater for all standards of rowers from the new member up to those of high performance and representative level. Inherent in these objectives is the encouragement of University student participation in the sport.

Strategies to meet these objectives include working with the University of Technology, Sydney and the UTS Union Ltd in the execution of the club redevelopment, including the club facility and rowing facilities. The Company has ceased trading to facilitate this redevelopment after which it plans to recommence trading in early 2014.

4. PRINCIPAL ACTIVITIES AND PERFORMANCE

The principal activity of the Company during the course of the financial year was the conduct and promotion of a licensed social and rowing club for members and non-members.

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 $22,762 (2011: $65,155 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 $7,880 (2011: $8,150).

In number of members	**2012**	2011
	No.	No.
Ordinary	**1,576**	1,630

6. EVENTS SUBSEQUENT TO REPORTING DATE

The Company ceased trading from 1 January 2013 to facilitate redevelopment of the club building and rowing facilities by the parent entity, UTS Union Ltd. The Company is expected to recommence trading early in the 2014 year.

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 2012.

7. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the financial year ended 31 December 2012.
This report is made with a resolution of the directors:

Professor Robert Lisle Lynch
Dated at Sydney this 24th day of April 2013.

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 2012, 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
24 April 2013

Statement of financial position

As at 31 December 2012

In AUD		**2012**	2011
Assets			
Cash and cash equivalents	4	**210,925**	211,198
Receivables		**2,000**	2,000
Inventories	5	**5,481**	21,616
Prepayments		**6,752**	16,496
Total current assets		**225,158**	251,310
Property, plant and equipment	6	**6,067**	14,242
Total non-current assets		**6,067**	14,242
Total assets		**231,225**	265,552
Liabilities			
Trade and other payables	8	**143,469**	146,827
Employee benefits	9	**3,938**	11,581
Revenue received in advance		**8,318**	8,882
Total current liabilities		**155,725**	167,290
Total liabilities		**155,725**	167,290
Net assets		**75,500**	98,262
Members' funds			
General funds		**75,500**	98,262
Total members' funds		**75,500**	98,262

The notes on pages 14 to 28 are an integral part of these financial statements.

Statement of comprehensive income

For the year ended 31 December 2012

In AUD	Note	2012	2011
Revenue	10	**808,302**	758,124
Change in inventories of finished goods		**16,135**	2,024
Raw materials and consumables used		**(216,025)**	(179,209)
Personnel expenses	11	**(271,507)**	(253,554)
Events and functions expenses		**(12,905)**	(18,939)
Insurance expenses		**(43,816)**	(40,588)
Management fee		**(50,000)**	(50,000)
Poker machine expenses		**(7,855)**	(7,359)
Professional services expenses		**(17,880)**	(29,790)
Property expenses		**(86,200)**	(92,190)
Rent and rates expenses		**(73,133)**	(75,535)
Repairs and maintenance expenses		**(32,124)**	(32,315)
Depreciation		**(8,175)**	(12,965)
Other expenses		**(28,075)**	(33,506)
Results from operating activities		**(23,258)**	(65,802)
Interest income		**496**	647
Net finance income		**496**	647
Loss before income tax		**(22,762)**	(65,155)
Income tax expense	12	**-**	-
Loss for the year		**(22,762)**	(65,155)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(22,762)**	(65,155)

The notes on pages 14 to 28 are an integral part of these financial statements.

Statement of changes in members' funds

For the year ended 31 December 2012

In AUD	General funds
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
Balance at 1 January 2012	**98,262**
Total comprehensive income for the year	
Loss for the year	**(22,762)**
Other comprehensive income	**-**
Balance at 31 December 2012	**75,500**

The notes on pages 14 to 28 are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2012

In AUD	Note	2012	2011
Cash flows from operating activities			
Cash receipts from customers		**888,568**	837,868
Cash paid to suppliers and employees		**(889,337)**	(877,646)
Cash used in operations		**(769)**	(39,778)
Interest received		**496**	647
Net cash used in operating activities		**(273)**	(39,131)
Cash flows from investing activities			
Net cash from investing activities		**-**	-
Cash flows from financing activities			
Advance to related party		**-**	(122,345)
Net cash flows used in financing activities		**-**	(122,345)
Net decrease in cash and cash equivalents		**(273)**	(161,476)
Cash and cash equivalents at beginning of year		**211,198**	372,674
Cash and cash equivalents at end of year	4	**210,925**	211,198

The notes on pages 14 to 28 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 2012.

The principal activity of the Company during the course of the financial year was the conduct and promotion of a licensed social and rowing club for members and non-members.

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 elected to early adopt AASB 1053 Application of Tiers of Australian Accounting Standards, AASB 2010-2 Amendments to Australian Standards arising from Reduced Disclosure Requirements and AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements for the year beginning on 1 January 2012 to prepare Tier 2 general purpose financial statements.

The financial statements were approved by the Board of Directors on 24 April 2013.

(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) 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:

- Reliance on the execution of the Haberfield redevelopment plan by the UTS Union, on which the Company operates (the Haberfield Redevelopment), and continued administrative support from its parent entity UTS Union Limited;
- The leases over the Company's premises with Ashfield Council and the NSW Government Roads & Maritime Services which expired on 30 June 2012 and are subject to short term extensions up to 31 December 2013; and
- Closure of the Haberfield site (and thus ceasing trading activity) from 1 January 2013 as a result of the Haberfield Redevelopment.

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 has cash assets of $210,925 (2011: $211,198), positive working capital of $69,433 (2011: $84,020) and positive net assets of $75,500 (2011: $98,262);
- The Directors have received confirmation that the amount due to the UTS Union of $81,391 will not be called to the extent the Company will not be able to trade solvently;
- The University of Technology, Sydney (the University) has approved a capital commitment for the Haberfield Redevelopment of $2 million to the UTS Union. Also, the UTS Union approved a capital commitment to the Haberfield Redevelopment of $6.5 million during the year. As such, there is a high likelihood that the Haberfield Redevelopment will be completed and that the Company will recommence normal trading activities in the short to medium term;
- During the year, the Joint Regional Planning Panel (JRPP) approved the Haberfield Redevelopment at its meeting on 4 April 2012. As such both the Ashfield Council and the NSW Government Roads and Maritime Service have granted temporary lease agreements / extensions to UTS Union for 18 months from 1 July 2012 to 31 December 2013 whilst the redevelopment is being undertaken. The three parties continue to undertake negotiations with respect to the lease agreements to be put into place , however there is clear intent by all parties for the development to be supported and

long term leases to be executed;
- Future lease agreements will provide the ability for UTS Union to sublease the premises to the Company; and
- The Company is only under temporary closure whilst the redevelopment is being undertaken and that subsequent to the completion of the Haberfield redevelopment, the Company will recommence normal trading activity.

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.

(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 maturities of three months or less from the acquisition date that are subject to an insignificant

risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(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.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

3. Significant accounting policies *continued*

(b) Property, plant and equipment

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment 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 estimated costs necessary to make the sale.

(d) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss 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 financial assets at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets 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 and reflected in an allowance account against receivables. When an event occurring after the impairment was recognised causes the amount the 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.

3. Significant accounting policies *continued*

(d) Impairment (continued)

(ii) Non-financial assets (continued)

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) 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) Tax

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.

(i) Current Tax

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.

(ii) Deferred Tax

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	**2012**	2011
Bank balances	**196,607**	194,458
Cash on hand	**14,318**	16,740
Cash and cash equivalents in the statement of cash flows	**210,925**	211,198

5. Inventories

In AUD	**2012**	2011
Finished goods	**5,481**	21,616

6. Property, plant and equipment

In AUD	**Plant and equipment**	**Total**
Cost		
Balance at 1 January 2012	**318,859**	**318,859**
Balance at 31 December 2012	**318,859**	**318,859**
Depreciation		
Balance at 1 January 2012	**304,617**	**304,617**
Depreciation for the year	**8,175**	**8,175**
Balance at 31 December 2012	**312,792**	**312,792**
Carrying amounts		
At 1 January 2012	**14,242**	**14,242**
At 31 December 2012	**6,067**	**6,067**

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	**2012**	2011
Current		
Trade payables	**20,119**	22,757
Payable to related party	**81,391**	83,477
Other payables and accrued expenses	**41,959**	40,593
	143,469	146,827

9. Employee benefits

In AUD	**2012**	2011
Current		
Liability for annual leave	**3,938**	11,581

10. Revenue

In AUD	**2012**	2011
Sale of goods	**566,758**	513,820
Rendering of services	**199,468**	238,347
Other revenue	**42,076**	5,957
	808,302	758,124

11. Personnel expenses

In AUD	2012	2011
Wages and salaries	**258,118**	228,163
Other associated personnel expenses	**1,000**	6,540
Contributions to defined contribution superannuation funds	**20,032**	20,063
Movement in liability for annual leave	**(7,643)**	(1,212)
	271,507	253,554

12. Income tax expense

Numerical reconciliation between tax expense and pre-tax accounting profit

In AUD	2012	2011

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

Proportion of net taxable income attributable to non-members	**532,522**	496,644
Less: Proportion of expenses attributable to non-members	**(582,679)**	(571,498)
	(50,157)	(74,854)
Add: Other taxable income	**55,632**	55,842
Less: Other deductible expenses	**(22,819)**	(3,020)
Net income subject to tax	**(17,344)**	(22,032)
Income tax expense using the Company's statutory income tax rate of 30% (2010: 30%)	**(5,203)**	(6,610)
Unrecognised tax losses reversed	**5,203**	6,610
	-	-

12. Income tax expense *continued*

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

In AUD	**2012**	2011
Unrecognised deferred tax assets		
Deductible temporary differences	**1,182**	3,474
Tax losses	**19,568**	14,365
	20,750	17,839

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 2012.

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 $14,169 (2011: $9,228).

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	**2012**	2011
Current payables		
Parent entity	**81,391**	83,477

The balance is non-interest bearing.

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

In AUD	**2012**	2011
Management fee expense	**(50,000)**	(50,000)

15. Operating leases

Non-cancellable operating leases are payable as follows:

In AUD	**2012**	2011
Less than one year	-	20,317
Between one and five years	-	-
	-	20,317

During the year, $73,133 was recognised as an expense in profit or loss in respect of operating lease (2011: $75,535).

16. Events after the reporting period

The Company ceased trading from 1 January 2013 to facilitate redevelopment of the club building and rowing facilities by the parent entity, UTS Union Ltd. The Company is expected to recommence trading early in the 2014 year.

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 2012.

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 10 to 28, 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 2012 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 24th day of April 2013.

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 2012, 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. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of UTS Haberfield Club Limited on 24 April 2013, would be unchanged if provided to the directors as at the date of this auditor's report.

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 2012 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
24 April 2013

HABERFIELD CLUB REDEVELOPMENT DESIGNS

Designs courtesy of Hassell

Designs courtesy of Hassell