



13 March 2014

Ms Barbara Kelly  
President  
Clubs Victoria Inc  
Level 3, Celtic Club  
316 Queens Street  
Melbourne VIC 3000

Copy to: Mr Richard Evans  
Executive Director  
[revans@clubsvic.org](mailto:revans@clubsvic.org)

Dear Ms Kelly

**Financial reports for Clubs Victoria Inc. for years ended 30 June 2011 and 30 June 2012 (FR2011/2614 and FR2012/299)**

I refer to your letter dated 22 January 2014 and received by the Fair Work Commission on 4 February 2014.

The financial reports for the years ended 30 June 2011 and 30 June 2012 have now been filed. Thank you for your response to our request for further information.

In regards to your queries I will respond to each question in turn.

*1. Why are these questions being asked now and not when we submitted the reports?*

The Regulatory Compliance Branch has experienced an unprecedented backlog of work and consequently delays in processing the Clubs Victoria Inc. financial reports. This backlog is due to:

- a) the increased number of inquiries, investigations and Federal Court action undertaken by General Manager assisted by the Regulatory Compliance Branch in relation to registered organisations' compliance with *the Fair Work (Registered Organisations) Act 2009* (the RO Act) and their financial obligations; and
- b) the increased number of rule alterations that must be completed by all registered organisations regarding financial disclosures and policies that is mandatory under the *Fair Work (Registered Organisations) Amendment Act 2012*.

*2. Why have you not referred to our Annual Reports which update you on member movements; the last report being dated 23 January 2013?*

The Clubs Victoria Inc. Annual Reports for both 2011 and 2012 were closely examined. In terms of member movements I had noted that members had confidence in the organisation and retained the membership during the two years. The Annual Reports also disclosed that considerable changes were made to the operations with staff redundancies, change of address to a more modest abode and increase services to members with less expenditure. However, as noted in my letter of 15 January 2014 at the financial year end 30 June 2012 the comprehensive income for the year was still at a loss of \$85,199 and the current liabilities exceeded the current

assets by \$11,963. Although this was a marked improvement from the financial results for the year ended 30 June 2011, the auditor's report nevertheless disclosed an emphasis of matter that there is a material uncertainty that may cast doubt upon the organisation's ability to continue as a going concern.

Section 253 of the RO Act requires Clubs Victoria Inc to prepare a General Purpose Financial Report in accordance with the Australian Accounting Standards (AASB). Paragraph 25 of AASB 101 (NFP) requires the management of Clubs Victoria Inc to make an assessment of its ability to continue as a going concern. Paragraph 26 states:

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The degree of consideration depends on the facts in each case. When an entity has a history of profitable operations and ready access to financial resources, the entity may reach a conclusion that the going concern basis of accounting is appropriate without detailed analysis. In other cases, management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

I sought further information to satisfy the Director of the Regulatory Compliance Branch that the going concern assumption was the appropriate basis for the preparation of the General Purpose Financial Report.

*3. If you have noted the issues of financial concern for these two years, why did you not raise the alarm bells when the organisation was realising very significant and greater losses prior to 2010?*

On examining the financial reports for years ended 30 June 2011 and 2012 a thorough examination was conducted on the previous years' financial reports for years ended 30 June 2008, 2009 and 2010. No comment was made by the Regulatory Compliance Branch in the previous years because the deficit in 2009 was \$568,664 of which \$363,060 was due to an impairment loss. During the same year the total equity for the organisation was \$673,390. In 2010 the deficit for the year was \$331,107 with an impairment gain of \$69,329 and the total equity was still at a healthy \$323,055. In neither financial years where a deficit was disclosed, was there an emphasis of matter in the auditor's reports regarding the organisation's ability to continue as a going concern. However, for years ended 30 June 2011 and 2012 the total equity of the organisation was minus \$44,884 and minus \$130,083 respectively, suggesting that the organisation does not have sufficient funds to meet its commitments. Further the auditor included an emphasis of matter regarding the ability of the organisation to continue as a going concern in the reports for years ended 30 June 2011 and 2012. These are the bases for which further information is sought.

*4. Does the FWC consider correspondence we have sent on operational matters advising you of matters associated with Clubs Victoria when consider the matters you have raised?*

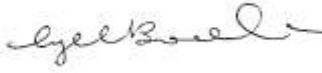
In analysing the financial reports all materials that have been lodged in relation to the financial report for the relevant financial year is considered. Accordingly, the president's report, treasurer's report and executive director's reports which were attached to the financial report for years ended 30 June 2011 and 2012 were examined. If extraneous correspondence were sent on the operational matters of the organisation were sent separate to the bundle of documents entitled 'Clubs Victoria annual Report 2011' and 'Clubs Victoria Annual Report 2012' I would not be aware of its existence unless a specific reference was made to link the correspondence to the relevant financial report.

*5. Why does the FWC place inappropriate due dates for the return of correspondence in January when availabilities of key personnel are scant whilst these matters have been outstanding for years?*

The Regulatory Compliance Branch is not aware of the availability of key personnel of each registered organisation. If the due date of responding to correspondence from the Regulatory

Compliance Branch of the Commission poses a problem with the organisation, a phone call or email to arrange a later date for a response will, in most circumstances, be accommodated.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Cynthia Lo-Booth', with a long horizontal flourish extending to the right.

Cynthia Lo-Booth  
Senior Adviser  
Regulatory Compliance Branch

22 January 2014

Fair Work Commission  
GPO Box 1994  
MELBOURNE Vic 3001



Attn : Ms Cynthia Lo-Booth  
Senior Adviser  
Regulatory Compliance Branch

Email: [Cynthia.lobooth@fwc.gov.au](mailto:Cynthia.lobooth@fwc.gov.au)

Dear Ms Lo-Booth,

**Financial Report for Clubs Victoria Inc for years ended 30 June 2011 and 30 June 2012 (FR 2011/2614 and FR 2012/299)**

We refer to your letter dated 15 January seeking clarification of the above annual reports which have been submitted to you on time in compliance with your requirements. We are very happy to provide you with the answers to your queries and we will set them out below and attach further information for you.

We understand the importance of compliance and therefore seek answers to our own questions, which we would appreciate your response;

1. Why are these questions being asked now and not when we submitted the reports?
2. Why have you not referred to our Annual Reports which update you on member movements; the last report being dated 23 January 2013?
3. If you have noted the issues of financial concern for these two years, why did you not raise the alarm bells when the organisation was realising very significant and greater losses prior to 2010?
4. Does the FWC consider correspondence we have sent on operational matters advising you of matters associated with Clubs Victoria when consider the matters you have raised?
5. Why does FWC place inappropriate due dates for the return of correspondence in January when availabilities of key personnel are scant whilst these matters have been outstanding for years?

To address you issues of concern we offer the following.

1. Going concern

The FWC would be able to recognise the organisation was making significant losses and there was a significant attack on it by the previous serving president who set up a rival organisation.

You will note that immediate and drastic measures were undertaken to reduce expenditure whilst protecting members' interests and providing an effective

service to them. This has required a significant redevelopment of the business model. Therefore, comparisons to previous years' trading are perhaps a little inappropriate, as the organisation was effectively changing its operation in cost reduction on a monthly basis.

Suffice to say, we are pleased to report an operating profit in 2012/2013 and we attach the approved Annual Report. (We will submit this report under a separate cover to ensure our compliance duty is maintained).

We can also report we have budgeted for an operating profit this financial year and we are well ahead of forecasts.

Part of the redevelopment of the business model was an attempt to reunite the sector and we have been negotiating with the former President since 2011 to have his organisation unify with Clubs Victoria. We can offer the following advice:

- Both Clubs Victoria and Community Clubs of Victoria have signed a MoU to work towards unification.
- A new constitution will be approved by members and submitted to FWC for approval.
- A vote on unification will be made in March 2014.
- It is anticipated that the new organisation will operate from 1 July 2014.
- Clubs Victoria will comply with annual returns and other matters as per FWC requirements for the year 2013/2014.

Once the new peak registered organisation is established in accordance with FWC rules and legislative requirements, membership will return to previous levels and sponsorship revenue will also grow.

It is anticipated the loan from Clubs NSW will be repaid prior to unification in early 2014.

We suspect this brief provides direct answers to your two questions. If it does not then please let us know what further information you need.

## 2. Membership subscriptions.

We have two unofficial membership categories; financial and unfinancial.

We have reported directly to FWC what the current financial membership position of Clubs Victoria at 23 January 2013, stood at 207.

We will be reporting to FWC this month in line with our normal governance requirements what the current membership position is 203; but we anticipate there will be little change until unification of the sector.

As to anomalies; membership rates are determined by two factors, staff numbers and gaming machine numbers. As these individual club numbers vary, so too does the membership fees for each club.

### 3. Benefits paid to office holders

No payments have been made to office holders since 2010. So specific answers your questions;

- a. No; N/A
- b. No; N/A
- c. No; N/A

### 4. 2012 Financial Report

There was some confusion associated with the 2012 Financial Report in terms of being sent to members due to a date on the Auditor's letter being changed to meet legislative requirements as opposed to standard commercial practice.

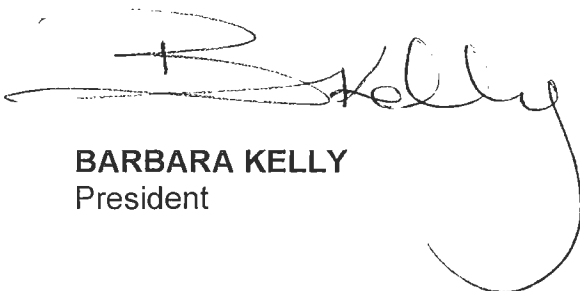
- Notice of the AGM was provided to members 27 September 2012
- The Financials were sent to Members 19 October 2012
- AGM was held 23 October 2012 and approved the Financial Report
- The Financial Report remains on the members' website for easy access.

Members have always, and continue, to have access to financial reporting. They have direct access via the website of all annual financial reports, and they are updated at four member meetings throughout the year.

With relation to the unification of the two industry organisations, members have been actively involved and a current 'road show' is taking place in February to update all members of progress and provided any answers to operational matters and question of financial viability.

We hope this meets your needs for information. If you require further information please do not hesitate to contact Richard Evans at [revans@clubsvic.org](mailto:revans@clubsvic.org).

Yours sincerely



**BARBARA KELLY**  
President



15 January 2014

Ms Barbara Kelly  
President  
Clubs Victoria Inc  
Level 3, Celtic Club  
316 Queens Street  
Melbourne VIC 3000

Copy to: Mr Richard Evans  
Executive Director  
[revans@clubsvic.org](mailto:revans@clubsvic.org)

Dear Ms Kelly

**Financial reports for Clubs Victoria Inc. for years ended 30 June 2011 and 30 June 2012 (FR2011/2614 and FR2012/299)**

The financial reports for the years ended 30 June 2011 and 30 June 2012 for Clubs Victoria Inc. ("the association") was lodged with the Fair Work Commission ("FWC") on 18 January 2012 and 1 February 2013 respectively. I apologise for the delay in responding to these financial reports.

The financial reports have not been filed.

Further information is required to be provided before these reports can be finalised. Please provide the following requested information in writing to FWC by **Friday, 31 January 2014**. The information must be signed off by an office holder such as the president.

1. Emphasis of matter - Going concern

It is noted that an 'Emphasis of matter' is contained in both financial reports. In the respective auditor's reports, the auditor provides without qualification to his opinion that there is 'a material uncertainty... about the association's ability to continue as a going concern.' Note 21 (2010-2011 financial report) and Note 19 (2011-2012 financial report) provides a similar statement and the proposed steps the association plan to take in addressing their poor financial position. Furthermore, the Committee of Management Statements for each respective year contains a resolution that the association have reasonable grounds to believe that they are able to pay its debts as and when they become due and payable.

It is apparent that the association has adopted steps to reduce its expenditure. There is a significant decrease in the expenditure on employee benefits, particularly for the financial year ended 30 June 2012 with paid staff being reduced to one employee and the severance/notice payments being made in the previous financial year. The operating expenditure is steadily decreasing but overall the total revenue remains less than the total expenditure and the association continues to operate at a deficit. Sponsorships have decreased although the plan was to seek additional sponsorship. It is further noted that the association has received an interest free loan of \$150,000 from Clubs NSW which requires annual repayments of \$30,000 for the next five years. However, this cash injection appears to be an interim solution. Accordingly

we seek further information beyond the steps that were set out in Note 21 and 19, regarding the association's ability to continue as a going concern:

- a) How does the association intend to increase its operating revenue?
- b) How does the association intend to further decrease its operating costs?

2. Membership subscriptions

It is noted that membership numbers for 2011 and 2012 have remained the same with 342 members. However a significantly lesser amount was received in revenue under members subscriptions for the financial year ended 30 June 2012. In 2010-2011 the association received \$463,110 in subscriptions while in 2011-2012 only \$383,523 was received - a decrease of \$79,587 when the membership numbers were the same.

Please provide an explanation for this anomaly. It may be that the membership subscriptions payable by each member (such as the licensed club or racing club) is based on the number of persons that belong to each respective licensed club or racing club.

3. Benefits paid to office holder and related party transactions

Sections 6 and 9 of the *Fair Work (Registered Organisations) Act 2009* defines an office holder as a person who holds the office of the president, vice president, secretary or assistant secretary or is a voting member of a collective body that manage the affairs, determine the policy, make and enforce rules of the organisation, such as the voting members of the Council or Executive.

Although the Rules of Clubs Victoria Inc. classify the Executive Director as an office bearer (rule 16.4) and he is a member of the Executive (rule 15.1.5), the Executive Director is appointed by the Council (rule 15.2) and has no voting rights (rule 16.4.1). Accordingly, the Executive Director does not fall within the meaning of an 'office holder' as defined in ss.6 and 9. However, the Executive Director appears to fall within the meaning of key management personnel as defined in the Australian Accounting Standards (AASB 124(17)).

We seek the following information:

- a) In relation to both financial years, were there any employee benefits paid to any office holders (such as president, vice president, treasurer, councillors)? If so which financial year was it paid and what was the amount?
- b) In relation to both financial years, were there any provisions that related to any office holders? If so which financial year and what was the amount?
- c) In relation to both financial years, were there any related party transactions with the office holders? If so, who was the transaction with, what was the substance/reason for the transaction and what was the amount?

4. 2012 financial report - Date full report was provided to members

In the covering letter for the financial report for the year ended 30 June 2012 which purports to be a designated officer's certificate, the correspondence merely states that 'documents lodged are copies of the accounts emailed to the members...' There was no date provided as to when this was done.

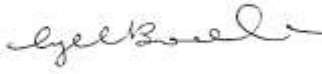
Please do the following:

- a) Confirm that copies of the 'accounts' emailed to members included a copy of the operating report and the auditor's report.
- b) Provide the date this was emailed to members.



If you have any questions please do not hesitate to contact me on (03) 8661 7915 or via email at [cynthia.lobooth@fwc.gov.au](mailto:cynthia.lobooth@fwc.gov.au) I work part time from Tuesdays to Fridays. I will contact Mr Evans later this week to discuss this letter and to answer any questions.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Cynthia Lo-Booth', with a stylized flourish at the end.

Cynthia Lo-Booth  
Senior Adviser  
Regulatory Compliance Branch

## LO-BOOTH, Cynthia

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**From:** Adrian Papazzo [adrian.papazzo@bellp.com.au]  
**Sent:** Monday, 20 February 2012 10:51 AM  
**To:** DONNELLAN, Kevin  
**Subject:** Re: FR2011/2614 - Financial year ended 30 June 2011 - Clubs Victoria Inc.

Dear Kevin,

In response to your query below relating sign off dates of the financial statements we confirm the following:

- Between the date of Clubs Victoria signing the financial statements on 27 September 2011 and the AGM on 26 October 2011 no changes were made to the financial statements
- Bell Partners received Clubs Victoria financial statements for signing on the 28 October 2011 and the audit report was signed on 30 October 2011.

If you have any further queries please contact me.

Regards,

**Adrian Papazzo**



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Level 7, 468 St Kilda Road, Melbourne VIC 3004  
PO Box 7424 St Kilda Road VIC 8004  
P: +613 9832 8419  
F: +613 9820 9171  
E: [adrian.papazzo@bellp.com.au](mailto:adrian.papazzo@bellp.com.au)

Please consider the environment before printing this email.

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**From:** "DONNELLAN, Kevin" <[Kevin.Donnellan@fwa.gov.au](mailto:Kevin.Donnellan@fwa.gov.au)>  
**To:** Adrian Papazzo <[adrian.papazzo@bellp.com.au](mailto:adrian.papazzo@bellp.com.au)>  
**Date:** 15/02/2012 12:11 PM  
**Subject:** FR2011/2614 - Financial year ended 30 June 2011 - Clubs Victoria Inc.

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Dear Adrian, further to our telephone conversation of 31 January 2012 could you provide confirmation in writing regarding the matters listed below.

Regards

**KEVIN DONNELLAN**  
Tribunal Services and Organisations

**Fair Work Australia**  
Tel: 03 8661 7764  
Fax: 03 9655 0410  
[kevin.donnellan@fwa.gov.au](mailto:kevin.donnellan@fwa.gov.au)

11 Exhibition St, Melbourne Victoria 3000  
GPO Box 1994, Melbourne Victoria 3001

[www.fwa.gov.au](http://www.fwa.gov.au)

**From:** DONNELLAN, Kevin  
**Sent:** Tuesday, 31 January 2012 12:08 PM  
**To:** 'Adrian Papazzo'  
**Subject:** FR2011/2614 - Financial year ended 30 June 2011 - Clubs Victoria Inc.

Dear Adrian, as discussed the attached financial report indicates that Clubs Victoria Inc. distributed a copy of the financial report (including the Audit Report) to members by email on 30 September 2011. The Audit Report is dated 30 October 2011 (which is a Sunday) which falls outside of the timelines indicated by Clubs Victoria Inc. who presented the financial report to the Annual General Meeting on 26 October 2011. Could you check your records to confirm that the Audit Report was signed on 30 October 2011 and not 30 September 2011 (which is a Friday).

Regards

**KEVIN DONNELLAN**  
Tribunal Services and Organisations

**Fair Work Australia**  
Tel: 03 8661 7764  
Fax: 03 9655 0410  
[kevin.donnellan@fwa.gov.au](mailto:kevin.donnellan@fwa.gov.au)

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.....[attachment "FR2011-2614.pdf" deleted by Adrian Papazzo/Bell Partners]

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11 January 2012

Fair Work Australia  
11 Exhibition Street  
MELBOURNE Vic 3000

Email: [orgs@fwa.gov.au](mailto:orgs@fwa.gov.au)



Attn : Mr Kevin Donnellan

Dear Mr Donnellan

**CLUBS VICTORIA INC**  
**Lodgement of Financial Report for the Year Ended 30 June 2011**  
**Fair Work (Registered Organisations) Act 2009 (the RO Act)**

Please find attached Annual Report and audited Financial Accounts for the year ended 30 June 2011.

I confirm that the documents lodged are copies of the accounts emailed to the members on 30 September 2011, prior to its presentation to the Annual General Meeting held on 26 October 2011. The annual report and financials are also available to members on the Clubs Victoria web site which was posted after the AGM.

These include auditor's report, accounts and statements provided free of charge to the members. These documents provide information required to be lodged in accordance with the *RO Act 2009*.

If there are any questions regarding the above, please do not hesitate to contact the undersigned or Richard Evans the Executive Director on 1300 787 852 or email [revans@clubsvic.org](mailto:revans@clubsvic.org)

Yours faithfully,

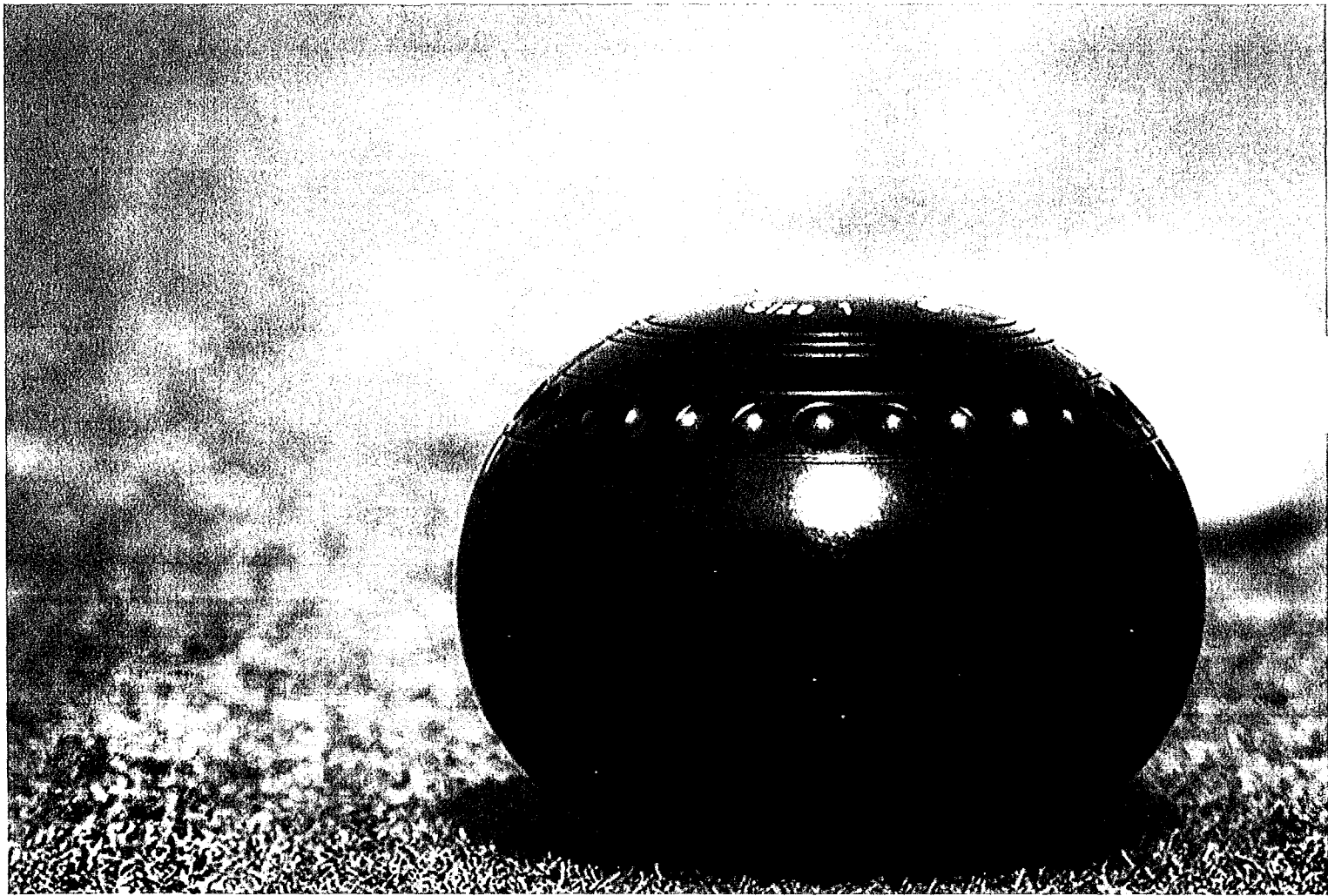


**PETER CRAIG**  
President



CLUBS VICTORIA INC.

**Annual Report 2010/11**



# contents

- 03 president's report
- 06 treasurer's report
- 09 executive director's report
- 12 financial report

# president's report

The 2010/11 Annual Report of Clubs Victoria marks the 95th year of operation for our organisation and saw significant changes initiated that will help ensure it is serving Victorian Licenced Clubs for another 95 years.

As mentioned in last year's report, significant changes were required to Clubs Victoria given the new gaming era almost upon us and the significant loss of sponsorship income from the gaming operators following the Government's announcement of the changes.

It became obvious to the Council and Management, early in the financial year, that whilst our members were supporting the development of Project Mercury, this was not going to be the financial lifeline initially anticipated and there were some urgent steps required to ensure the financial stability of Clubs Victoria. The Council felt it would be best served by taking the decision to separate from Project Mercury. I congratulate George Csifo, President and David Baldi, General Manager, on their work to establish Mercury as a leading Service Provider to the gaming industry and as a long term sponsor of Clubs Victoria.

Following this decision, the Council also considered a complete review of the services provided by Clubs Victoria given the precarious financial position the organisation faced. Throughout the changes our aim has always been to continue to provide levels of service to our members equivalent or

better than previously, however this was only possible with considerable change to our operations. December 2010 saw staff redundancies, followed shortly after by a change of address to a more modest abode at the Celtic Club in the Melbourne CBD.

I thank these staff of Clubs Victoria for their many years of loyal service but with change comes opportunity and it is great to see them still in the gaming/club industry as their considerable experience will not be lost.

Again the year seems like it was dominated by issues surrounding gaming, with the new era now less than twelve months away. Most Clubs have now made up their minds with regard to their directions post August 2012, and Clubs Victoria will continue to lead in its advocacy role as transitional issues arise. Federally, our unique Parliamentary position with a minority government has created its own problems, with a Tasmanian independent able to get the Government to support mandatory pre-commitment legislation that jeopardises our gaming businesses. Clubs Victoria has been active with Clubs Australia in a public awareness campaign of the damage to the Club industry that such legislation will bring. The 'It's un-Australian' campaign has been successful to date, but our work won't finish until this issue is dropped.

Issues away from gaming of vital importance to our members included the award changes, namely the Registered and Licensed Club Award 2010. Nick Tindley and his team have been of great assistance to clubs and the up-coming 'roadshow' around Victoria's regional centres is something the Council have been very keen to introduce.

Our Clubs Victoria Business meetings have taken on a new format throughout the year and these Member Connect sessions have proved very popular with important Industry leaders headlining the sessions. We have also introduced a new look Club Connect magazine that has been distributed to all Clubs in Victoria to raise awareness.

A highlight of every year is the Annual Clubs Victoria Achievement Awards Night at Crown and special recognition should go to the 2010 Club of the Year, the Essendon Football Club at Windy Hill, collecting this prize for the second year in a row. The wonderful contribution they make to not only their local area but across Victoria makes them a very worthy winner.

We recently announced the 2011 Chefs Table Awards at the magnificent Committee Room of the MCG. This year's award was a fiercely contested affair with the Gold Trophy awarded to the Melbourne Cricket Club, Silver awarded to the Veneto Club and Bronze to the RACV City Club. Well done to all of the entrants and good luck to the MCC team in the National Awards.



The next twelve months will no doubt throw out a number of new challenges to Clubs but we see the continued education of our Members' Boards and management as the vital issue to be addressed with an ever increasing pressure on governance.

We have a number of bridges to mend from the past and the next few years will see an increased emphasis on these areas as we continue to build the membership numbers at Clubs Victoria.

In an extremely challenging year, the Clubs Victoria Council has worked on a range of issues and I must thank them for their diligence and efforts. In a year with such upheaval we saw a number of changes on the Clubs Victoria Council and whilst I would like to thank all departed or departing Councillors, my special thanks must go to Ian Carlile who stands down at our AGM. Ian's always been willing to put his hand up when required and in my time on Council has taken on the roles of Treasurer, Vice President and President when the needs arose. Ian's great knowledge and loyal support to Clubs Victoria will be sorely missed.

Our Executive Director, Richard Evans has taken on a very difficult role and workload and I thank him for his devotion to the cause and the innovations he has introduced.

I must thank our Corporate Sponsors for their continued support of Clubs Victoria. Our member Clubs are reminded of the importance of these sponsors and **their impact** on the provision of services to them. Please remember this support when looking for suppliers in future.

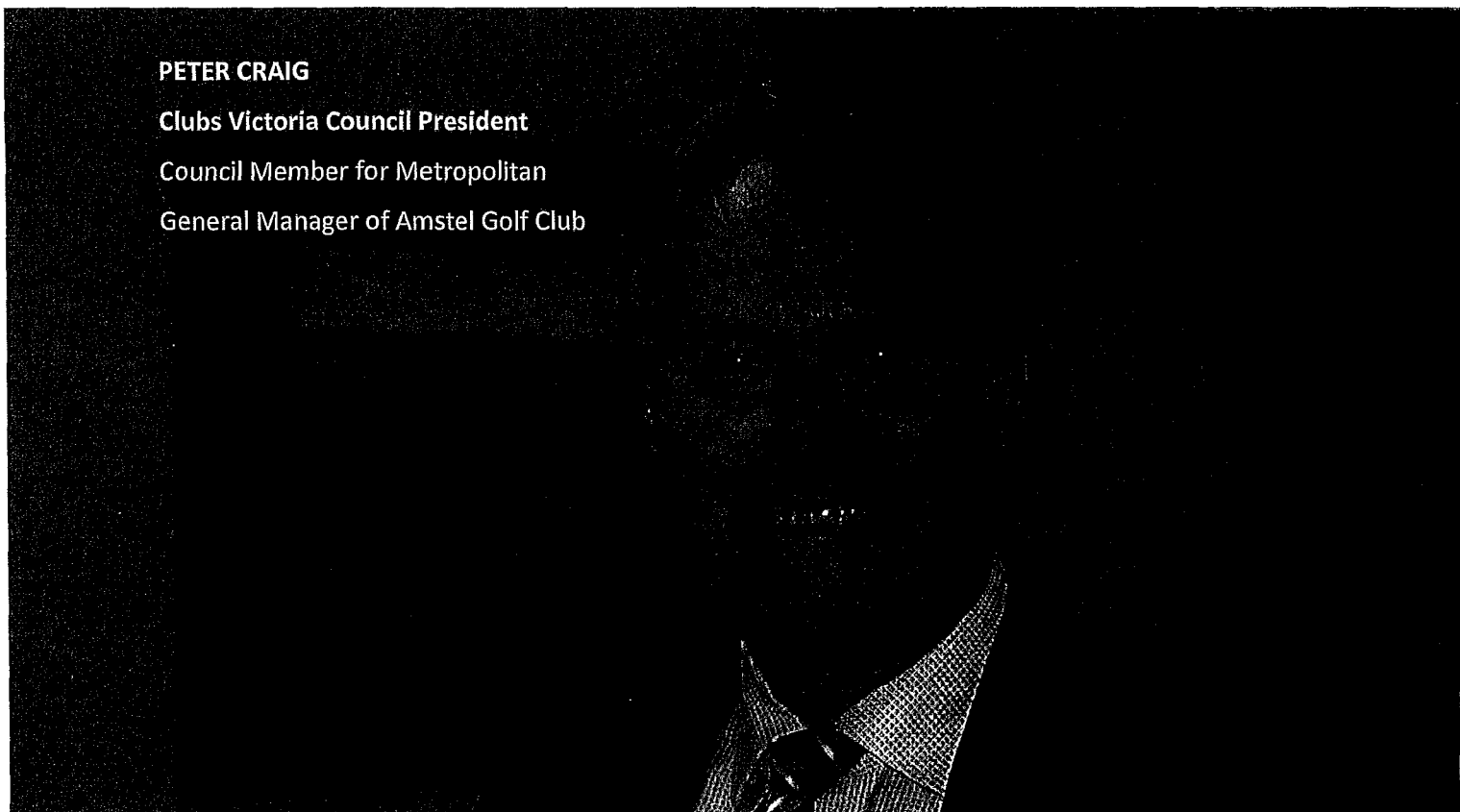
And finally I must thank our member Clubs for their continued **support** through-out 2010/11. Like all of our Clubs, when times get tough we rely on our strong membership and it is at times like this we recognise, we are nothing without our members and are here to **support** you.

**PETER CRAIG**

**Clubs Victoria Council President**

Council Member for Metropolitan

General Manager of Amstel Golf Club



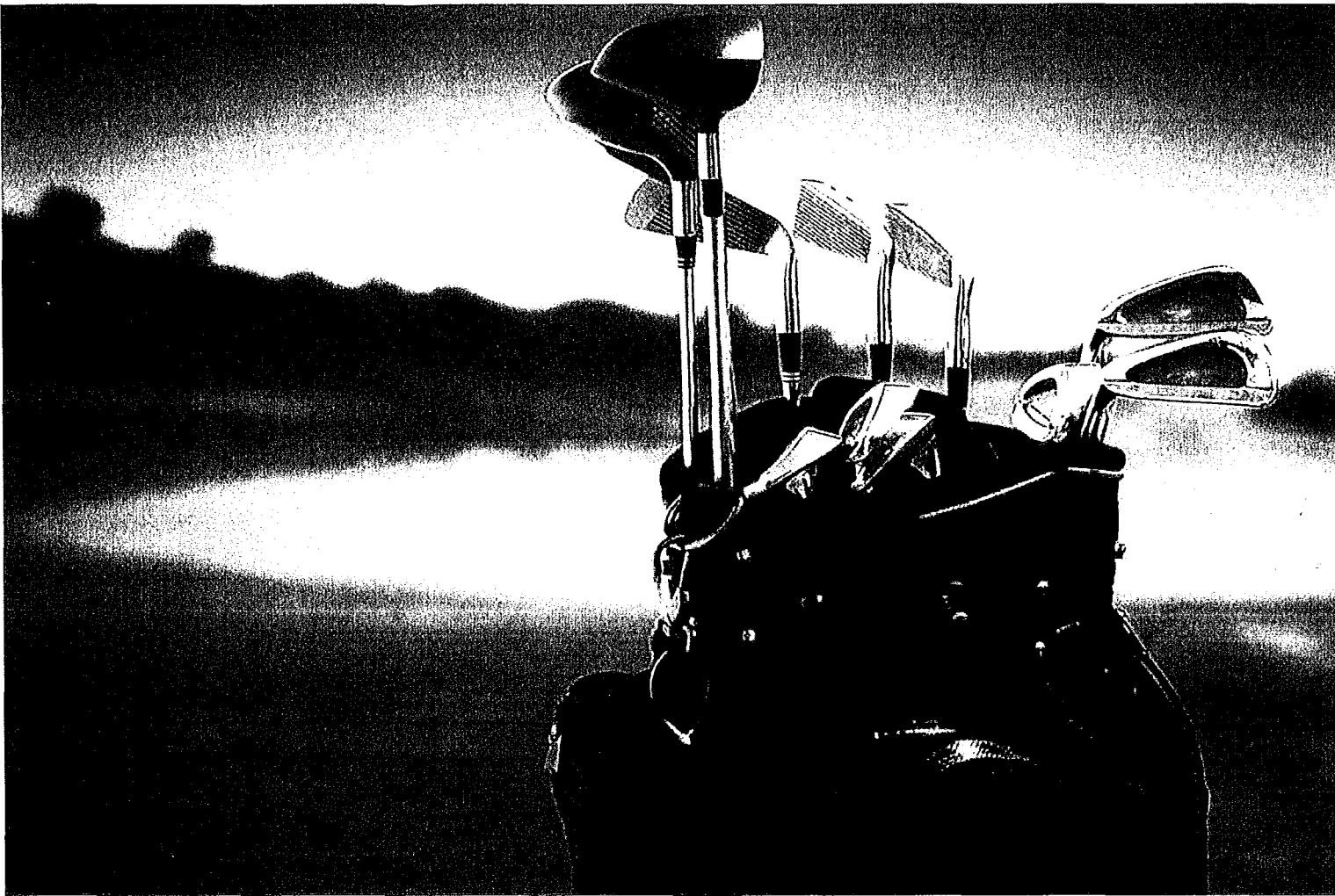
# treasurer's report

It is never easy to face reality and this is the unfortunate decision Clubs Victoria Council was faced with early this financial year.

Council was faced with the potential of another significant loss following the previous two years of losses and this would have led to the organisation not being able to meet its responsibilities within six months of trade. Council determined to take significant action to redevelop the organisation and bring accounts into surplus once again. It was decided to change the business model so that we can continue to serve members at a level that maintained its leadership within the market whilst ensuring we operated in small surplus.

A review of previous years' trade would indicate expenditure was trending to beyond acceptable levels since a significant reduction in recurrent revenue two years previously. The anticipated and budgeted revenue from the development of Mercury for various reasons did not emerge and it was decided to separate it from Clubs Victoria responsibility. We therefore entered into an agreement to transfer IP and goodwill to a separated entity with fees remitted back to Clubs Victoria over a five year period beginning mid-2012.

We also determined the business model was expenditure heavy and needed restructuring to a consulting model. This has been achieved with an increase in services to members at a lesser expenditure. Other expenditure reductions included relocation of the office and the associated costs in managing a large office.



Evidence of the significant reduction in costs can be seen from the comparison of the current years' trade which has the first 6 months trading in significant loss in line with previous years, and once non recurrent expense is accounted, a major reduction of expense is realised; based upon this performance, and with the assumption members will continue to support the organisation, we are budgeting for a small surplus this next year, thus recovering after three years of loss. These losses were funded through retained earnings and the motivation for change included the loss of all earnings.

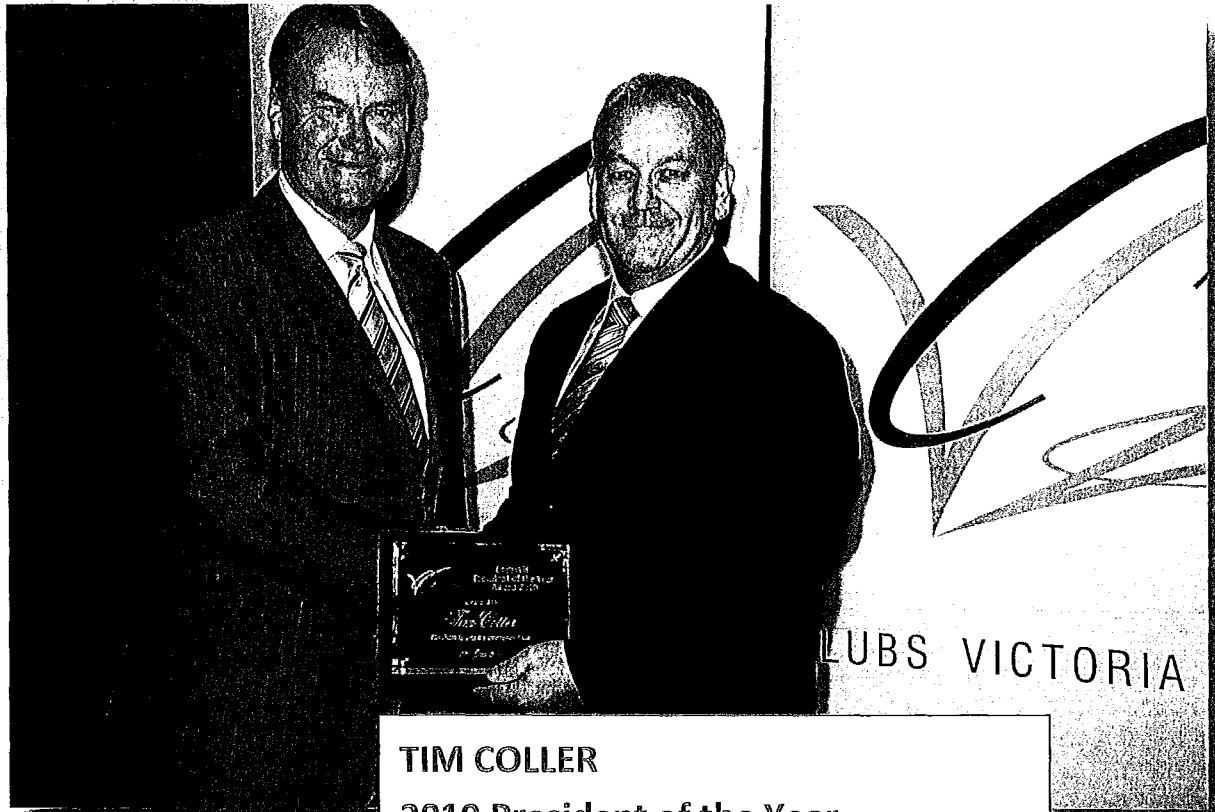
The past year has been difficult but we are confident we can recover; your Council has increased its oversight of the operation and improved reporting standards to help it make appropriate decisions. We thank members for maintaining their support as we are also thankful for the ongoing support of our corporate partners, without whom we could not provide the increased services to members which remain an important part of our operational strategy.

**BYRON SMITH**

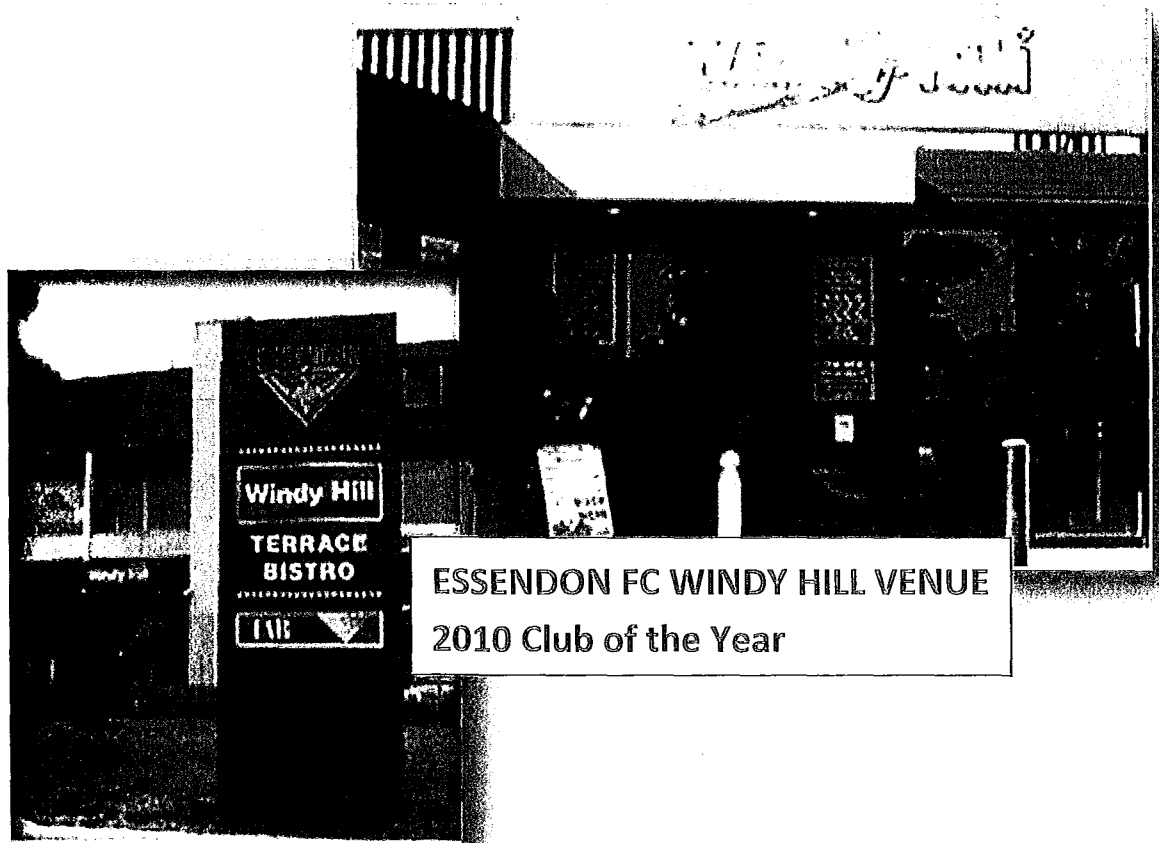
**Clubs Victoria Treasurer**

Council Member for Metropolitan

Former General Manager of Keysborough Golf Club



**TIM COLLER**  
**2010 President of the Year**  
**Horsham Sports & Community Club**



**ESSENDON FC WINDY HILL VENUE**  
**2010 Club of the Year**

# executive director's report

Without dwelling on the past it is important to outline the future of Clubs Victoria; however we need to recognise what we stand for and who we are and this is our past.

We are an association of clubs brought together to represent licensed clubs specifically and the entire club sector. We are not a private company, nor have we sectional interests; and we are not influenced by commercial entities nor do we encourage individuals to prosper from their association with us. We stand for clubs and we represent them in forums they need to be a part and our voice, which is your voice provides and maintains the sector's reputation and relevance.

We have six pillars for which we stand:

- Advocacy**
- A strong effective voice to federal and state government, local and regional councils and industry regulatory forums.
  - The club sectors representative before Fair Work Australia as the only registered body in Victoria able to provide submissions.
  - Creation of relevant policy to help clubs grow and prosper
  - As a member of Clubs Australia

- Education** – The thought leader on issues impacting governance of clubs and the development of an education platform.
- Employment Relations** – The sector’s representative before Fair Work Australia and the Fair Work Ombudsman.
  - Provider of applicable advice, counselling to clubs and information on employment matters
- Member Services** – Provider of extensive advice on club matters and the facilitator of buyer advantage for clubs to benefit.
  - Provider of relevant information such as beer pricing and food safety templates.
- Community** – The developer of programs to bring clubs together to share information and support each other.
- Administration** – To provide services in a cost effective manner with a surplus whilst ensuring membership is affordable to all clubs.

The 95 year history of Clubs Victoria is significant for overcoming many challenges and now is no different; we need to face these challenges honestly, work together to grow for the betterment of the sector and ensure your association retains its reputation and relevance for its members.

The strategy to return financial surety requires the development of relevant programs that engage the sector and provide services that maintains our services. Change is never easy, but in our case we must grow to ensure we retain our reputation and relevance.

Already we see increased services with our expanded ER team and our club specific enable HR management tool available for all members. We have advisers waiting on various issues and we will launch in the next year the President’s Club and Club College. As we rebuild resources we are ensuring the events, tours and programs clubs have been used in the past continue to be delivered and this next year we have not increased membership subscriptions.

Your leaders take the heritage of Clubs Victoria very seriously and they remain committed in providing leadership for you and the club sector in all matters that concern you. It has been a difficult year but necessary to ensure our senior position as the sector’s leader is maintained for you.



It is vitally important to acknowledge the contribution of the former team and the efforts they made to ensure our members received relevant advice and services. Their contribution was important to the successful operation of the organisation and it was with regret the business model could not accommodate them. We thank them for their contribution.

I thank our corporate partners for their support during the year; our members for confidence in the organisation and Council for their wise counsel.

**RICHARD EVANS**

**Clubs Victoria Executive Director**



CLUBS VICTORIA INC.

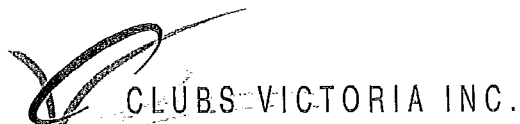
# **Financial Report 2011**





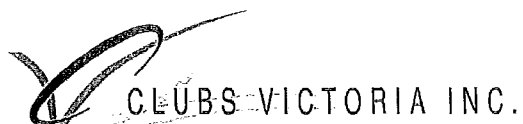
## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	<u>Note</u>	<u>2011</u>	<u>2010</u>
		\$	\$
Revenue from Operating Income	2	1,134,982	1,246,421
Revenue from Non-Operating Income	2	15,065	14,207
Employee benefits	3	(715,310)	(844,523)
Operational expenses	4	(828,454)	(827,352)
Depreciation expenses	7	(5,923)	(8,417)
<b>SURPLUS (DEFICIT) before IMPAIRMENT GAIN (LOSS)</b>		<b>(399,640)</b>	<b>(419,664)</b>
Impairment Gain (Loss)		-	69,329
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>		<b><u>(399,640)</u></b>	<b><u>(350,335)</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Reversal of Impairment Loss		-	19,228
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>(399,640)</u></b>	<b><u>(331,107)</u></b>



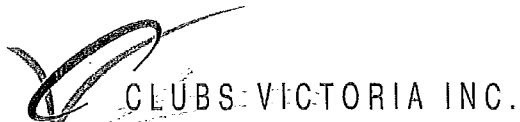
## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	<u>Note</u>	<u>2011</u>	<u>2010</u>
		\$	\$
<b><u>CURRENT ASSETS</u></b>			
Cash and cash equivalents	5	82,700	180,938
Trade and other receivables	6	102,640	77,613
Prepayments		-	1,862
Financial assets	7	-	26,765
<b><u>TOTAL CURRENT ASSETS</u></b>		<b>185,340</b>	<b>287,178</b>
<b><u>NON CURRENT ASSETS</u></b>			
Other Financial Assets	7	-	379,850
Property, plant and equipment	8	3,330	20,447
<b><u>TOTAL NON-CURRENT ASSETS</u></b>		<b>3,330</b>	<b>400,297</b>
<b><u>TOTAL ASSETS</u></b>		<b>188,670</b>	<b>687,475</b>
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payables	9	226,787	278,426
Provisions	10	6,767	65,331
<b><u>TOTAL CURRENT LIABILITIES</u></b>		<b>233,554</b>	<b>343,757</b>
<b><u>NON-CURRENT LIABILITIES</u></b>			
Provisions	10	-	20,663
<b><u>TOTAL NON-CURRENT LIABILITIES</u></b>		<b>-</b>	<b>20,663</b>
<b><u>TOTAL LIABILITIES</u></b>		<b>233,554</b>	<b>364,420</b>
<b><u>NET ASSETS</u></b>		<b>(44,884)</b>	<b>323,055</b>
<b><u>MEMBERSHIP FUNDS:</u></b>			
Accumulated Surplus (Deficit)		(44,884)	354,756
Financial Asset Available for Sale Revaluation Reserve		-	(31,701)
<b><u>TOTAL MEMBERS FUNDS</u></b>		<b>(44,884)</b>	<b>323,055</b>



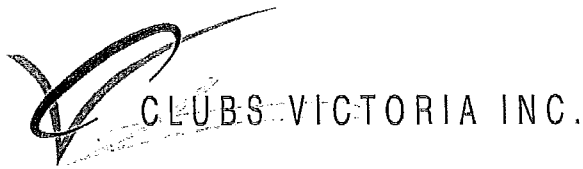
## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
Total Equity at beginning of financial year	323,055	673,390
Available-for-sale Investments revenue		
Impairment (Gain) Loss transferred to Profit or loss	31,701	(19,228)
ITEMS RECOGNISED DIRECTLY IN EQUITY	<u>31,701</u>	<u>(19,228)</u>
Comprehensive Income for the year	<u>(399,640)</u>	<u>(331,107)</u>
TOTAL RECOGNISED INCOME & EXPENSES FOR THE YEAR	(367,939)	(350,335)
Total Equity at the end of the financial year	<u><u>(44,884)</u></u>	<u><u>323,055</u></u>



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	<u>Note</u>	<u>2011</u>	<u>2010</u>
		\$	\$
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Receipts from members & Commercial activities		1,134,982	1,308,565
Interest received		3,729	16,021
Investment Income		10,866	23,078
Other Income		470	100,000
Payments to suppliers and other contract services		(1,000,975)	(854,651)
Payments to Employees		(715,310)	(935,495)
Net GST Paid to the ATO		(19,107)	(26,557)
<b>Net cash provided by operating activities</b>	16	<b>(585,345)</b>	<b>(369,039)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from Term deposits		69,545	-
Proceeds from sale of investments		420,969	88,227
Purchase of Fixed assets		(3,407)	(2,749)
Purchase of Assets held for resale		-	(46,675)
<b>Net cash provided from investing activities</b>		<b>487,107</b>	<b>38,803</b>
<b>Net increase/(decrease) in cash held</b>		<b>(98,238)</b>	<b>(330,236)</b>
<b>Cash at beginning of year</b>		<b>180,938</b>	<b>511,174</b>
<b>Cash at end of year</b>		<b>82,700</b>	<b>180,938</b>



## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2011

### Note 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Fair Work (Registered Organisations) Act 2009 and requirements of the Associations Incorporations Act Vic 1981.

The financial report covers Clubs Victoria Inc. as an individual entity. Clubs Victoria Inc. is registered under the Fair Work (Registered Organisations) Act 2009, and is also incorporated in Victoria under the Associations Incorporations Act Vic 1981.

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

#### Basis of preparation

The accounting policies set out below have been consistently applied to all years presented. The Association has however elected to adopt the exemptions available under AASB 1 relating to AASB 132: Financial Instruments: Disclosure and Presentation, and AASB 139: Financial Instruments: Recognition and Measurement.

#### *Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### Accounting Policies

##### a) Income Tax

The Association is exempt from income tax under Section 50-15 of the Income Tax Assessment Act.

##### b) Property, Plant & Equipment

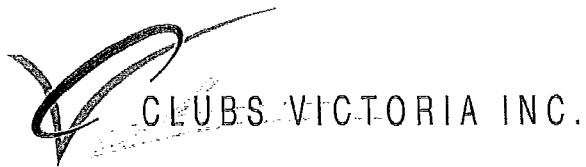
Each class of property, plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

#### **Plant and Equipment**

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Association to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.



## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2011

### Note 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Leasehold Improvements	2.5%
Office equipment	20%
Computer equipment	30%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in statement of comprehensive income.

#### c) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the association, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

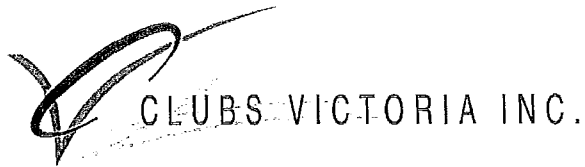
Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or over the term of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### d) Impairment of Assets

At the end of each reporting period, the Association reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.



## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2011

### Note 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### e) Financial Instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

##### Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition
- (ii) less principal repayments
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

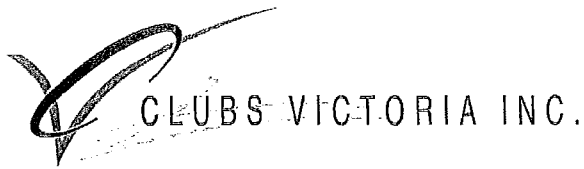
The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

##### (i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

##### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.



## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2011

### Note 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

#### *(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

If during the period the association sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investment would be tainted and would be reclassified as available-for-sale.

#### *(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

#### *(v) Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

#### **Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

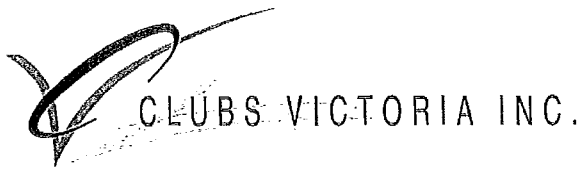
#### **Impairment**

At the end of each reporting period, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument below its original cost is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

#### **Derecognition**

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.





## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2011

### Note 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Impairment of Assets

At the end of each reporting period, the association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### f) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

#### g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

#### h) Revenue

Revenue from Membership fees is recognised in the period in which it relates to.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets

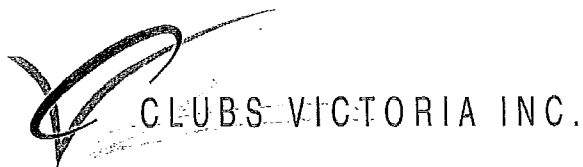
All revenue is stated net of the amount of goods and services tax (GST).

#### i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as an item of the expense.

Receivable and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.



## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2011

### Note 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### j) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the association has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

#### k) 272 Information to be provided to members or General Manager

(1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3) A reporting unit must comply with an application made under subsection (1).

#### l) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### m) Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### n) Key Estimates

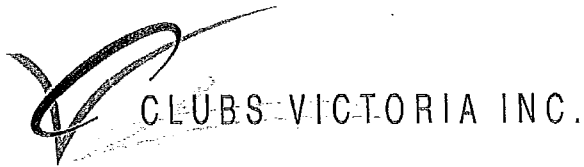
##### *Impairment*

Clubs Victoria Inc. assesses the impairment at each reporting date by evaluation of conditions and events specific to the group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### o) Key Judgements

##### *Trade & Other Receivables*

Included in the trade and other receivables balance at the end of the reporting period are amounts receivable from members for services provided. The committee have received undertakings from the member debtors that such amounts will be paid and therefore no provision for impairment has been made.



## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2011

### Note 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### p) New Accounting Standards for Application in Future Periods

The Australian Accounting Standards Board has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the association has decided not to early adopt. A discussion of those requirements and their impact on the association is as follows:

*AASB 9: Financial instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013)*

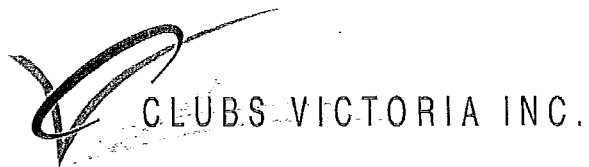
This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The association has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised costs and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit and loss.
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)
- AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:
- Tier 1: Australian Accounting Standards; and
  - Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of the Tier 1, but contains significantly fewer disclosure requirements.

Since the association is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the association will take advantage of Tier 2 reporting at a later date.



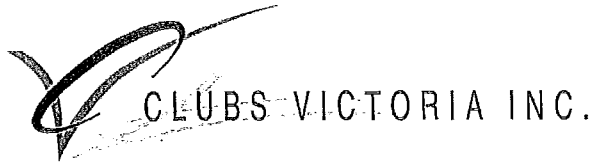
## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2011

### Note 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011)

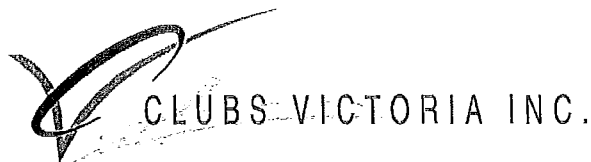
This Standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian Accounting Standard financial statements
- AASB 7 is amended to add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 7 to add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134.



## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30TH JUNE 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
<b>NOTE 2 REVENUE</b>		
<b>Revenue from Operating Activities</b>		
Members subscriptions	463,110	556,316
Sponsorships	248,655	243,649
Other Fees & Services	378,248	369,261
Commissions received	-	40,000
Recruitment Income	44,969	37,195
<b>Sub total from Operating Activities</b>	<b>1,134,982</b>	<b>1,246,421</b>
<b>Revenue from Non-Operating Activities</b>		
Investment Income	10,866	23,078
Interest received	3,729	16,021
Profit (Loss) on Sale of Investments	470	(24,892)
<b>Sub total from Non-Operating Activities</b>	<b>15,065</b>	<b>14,207</b>
<b>TOTAL REVENUE</b>	<b><u>1,150,047</u></b>	<b><u>1,260,628</u></b>
<b>NOTE 3 EMPLOYEE BENEFITS</b>		
Salaries & Wages	421,420	733,299
Severance / Notice Payments	122,681	-
Superannuation	42,684	50,539
WorkCover	4,613	3,982
Payroll & Fringe Benefits Tax	39,462	50,622
Recruitment costs	23,593	-
Staff Expenses, Travel, Seminars & Training	60,857	6,081
<b>TOTAL EMPLOYEE BENEFITS</b>	<b><u>715,310</u></b>	<b><u>844,523</u></b>
<b>NOTE 4 OPERATIONAL EXPENSES</b>		
Events & Seminars costs	275,366	-
Fee for Service Costs	50,010	-
Licence fees, Telephone and external support	90,417	-
Administration	139,335	206,093
Fees & Subscriptions	-	494,335
Occupancy	86,832	122,249
Other Facility expenses	72,579	-
IT Expenses	7,461	-
Donations	1,818	4,675
Finance & Legal Costs	104,636	-
<b>TOTAL OPERATIONAL EXPENSES</b>	<b><u>828,454</u></b>	<b><u>827,352</u></b>
<b>NOTE 5 CASH AND CASH EQUIVALENTS</b>		
Petty cash float	400	400
Cash at bank	54,700	138,967
Term Deposits	27,600	41,571
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b><u>82,700</u></b>	<b><u>180,938</u></b>



## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30TH JUNE 2011

	<u>2011</u> \$	<u>2010</u> \$
<b>NOTE 6 TRADE AND OTHER RECEIVABLES</b>		
Trade debtors	102,640	77,613
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<u>102,640</u>	<u>77,613</u>

Current trade receivables are non-interest bearing loans and generally receivable within 60 days. A provision for impairment is recognised against subscriptions where there is objective evidence that an individual trade receivable is impaired. No impairment was required at 30 June 2011 (2010 : Nil).

### Credit risk

The association has no significant concentrations of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the association is considered to relate to the class of assets described as subscriptions receivable.

The following table details the association's subscriptions receivable exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the association and the member or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining their willingness to pay and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the association. All members late in paying their subscription are potentially subject to a late fee.

The balances of receivables that remain within the initial terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amt	Past due and Impaired	Past due but not impaired (Days Overdue)		
			<30	31-90	>90
<b>2011</b>	\$	\$	\$	\$	\$
Subscriptions receivables					
Other receivables	102,640		36,605	17,701	48,334
<b>Total</b>	<u>102,640</u>	-	<u>36,605</u>	<u>17,701</u>	<u>48,334</u>
	Gross Amt	Past due and Impaired	Past due but not impaired (Days Overdue)		
			<30	31-60	>90
<b>2010</b>	\$	\$	\$	\$	\$
Subscriptions receivables					
Other receivables	77,613		36,922	18,834	21,857
<b>Total</b>	<u>77,613</u>	-	<u>36,922</u>	<u>18,834</u>	<u>21,857</u>

### NOTE 7 FINANCIAL ASSETS

#### CURRENT

Held to maturity Financial Assets

Term Deposits

-                      26,765

#### NON CURRENT

Available for sale Financial Assets

Australian Listed Equity Securities at market value

-                      379,850

#### TOTAL OTHER FINANCIAL ASSETS

-                      406,615

### NOTE 8 PROPERTY, PLANT AND EQUIPMENT

#### Office equipment

At cost

11,185                      88,640

Accumulated depreciation

(7,855)                      (71,409)

3,330                      17,231

#### Leasehold improvements

At cost

-                      3,532

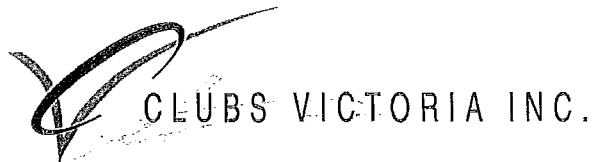
Accumulated depreciation

-                      (316)

-                      3,216

#### TOTAL PROPERTY, PLANT AND EQUIPMENT

3,330                      20,447



## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30TH JUNE 2011

	<u>2011</u>	<u>2010</u>	
	\$	\$	
<b>Movements in carrying amounts</b>			
Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current year			
	Leasehold Improvement	Office equipment	Total
	\$	\$	\$
Carrying amount at 01/07/2009	3,304	22,811	26,115
Additions	-	2,749	2,749
Disposals	-	-	-
Depreciation expense	(88)	(8,329)	(8,417)
Carrying amount as at 30/06/2010	<u>3,216</u>	<u>17,231</u>	<u>20,447</u>
Additions	-	3,407	3,407
Disposals	(3,128)	(11,473)	(14,601)
Depreciation expense	(88)	(5,835)	(5,923)
Carrying amount as at 30/06/2011	<u>-</u>	<u>3,330</u>	<u>3,330</u>

### NOTE 9 TRADE AND OTHER PAYABLE

Creditors and accrued expenses	78,415	40,477
Prepaid Income	148,372	237,949
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<u><b>226,787</b></u>	<u><b>278,426</b></u>

### NOTE 10 PROVISIONS CURRENT

Provision for annual leave	6,767	35,437
Provision for long service leave	-	29,894
	<u>6,767</u>	<u>65,331</u>

### NON CURRENT

Provision for long service leave	-	20,663
	<u>-</u>	<u>20,663</u>

### TOTAL PROVISIONS

	<u>6,767</u>	<u>85,994</u>
--	--------------	---------------

### NOTE 11 FINANCIAL ASSETS AVAILABLE FOR SALE REVALUATION RESERVE

Balance at the beginning of the reporting period	(31,701)	(12,473)
Valuation gain/(loss) recognised		(19,228)
Cumulative (gain)/loss transferred to Income Statement on disposal of financial assets	31,701	-
<b>Balance at the end of the reporting period</b>	<u>-</u>	<u>(31,701)</u>

### NOTE 12 CAPITAL AND LEASING COMMITMENTS

#### Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments		
- not later than 12 months	10,000	116,802
- between 12 months and 5 years	-	183,402
- greater than 5 years	-	-
	<u>10,000</u>	<u>300,204</u>

The lease payments were to Vincent Corp Pty Ltd for rent payments for Level 2, 19-21 Argyle Place South.

This lease was not renewed from April 2011.

Clubs Victoria Inc has an informal agreement with the Celtic Club for rent payments for 316-320 Queen Street, Melbourne on a monthly basis at \$10,000 per year.

## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30TH JUNE 2011

### NOTE 13 FINANCIAL INSTRUMENTS

#### Financial Risk Management Objectives and Policies

Clubs Victoria Inc.'s principle financial instruments comprise of deposits with banks, short term investments and accounts receivable and payable.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect to each class of financial asset financial liability and equity instrument are disclosed in note 1 to the financial statements.

The totals for each category of financial instruments, measured in accordance with AASB 139, are as follows:

	Note	Carrying Amount 2011 \$	Carrying Amount 2010 \$
<b>Financial Assets</b>			
Cash and Cash Equivalent	5	82,700	180,938
Trade and Other Receivables	6	102,640	77,613
Term Deposits	7	-	26,765
Available-for-sale Financial Assets:			
- Equity Investments	7	-	379,850
<b>Total Financial Assets</b>		<b>185,340</b>	<b>665,166</b>
<b>Financial Liabilities</b>			
At amortised cost			
Trade Creditors	9	78,415	40,477
<b>Total Financial Liabilities</b>		<b>78,415</b>	<b>40,477</b>

#### Specific Financial Risk Exposures and Management

##### (a) Interest Rate Risk

The Committee do not believe that the interest rate risk is significant. Therefore the association does not have any formal policy for managing such risk.

##### (b) Liquidity Risk

Liquidity risk arises from the possibility that Clubs Victoria Inc. might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Clubs Victoria Inc. manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities; and
- only investing surplus cash with major financial institutions.

The following table discloses the contractual maturity analysis for Clubs Victoria Inc.'s financial liabilities.

For interest rates applicable to each class of liability refer to individual notes to the financial statements.



## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30TH JUNE 2011

### Note 13 - FINANCIAL INSTRUMENTS (Continued)

#### Financial liability and financial assets maturity analysis

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Liabilities due for payment</b>								
Trade creditors	78,415	40,477	-	-	-	-	78,415	40,477
Total contractual outflows	78,415	40,477	-	-	-	-	78,415	40,477
Total expected outflows	78,415	40,477	-	-	-	-	78,415	40,477
<b>Financial Assets - Cash flow realisable</b>								
Cash and cash equivalents	82,700	180,938	-	-	-	-	82,700	180,938
Trade & Other receivables	102,640	77,613	-	-	-	-	102,640	77,613
Term Deposits	-	26,765	-	-	-	-	-	26,765
Available-for-sale investments	-	379,850	-	-	-	-	-	379,850
Total anticipated inflows	185,340	665,166	-	-	-	-	185,340	665,166
Net (outflow)/inflow on financial instruments	106,925	624,689	-	-	-	-	106,925	624,689

#### (c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

The Association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Association.

#### (d) Price risk

Price risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factor for commodities.

Clubs Victoria Inc. is exposed to securities price risk on available-for-sale investments. Such risk is managed through diversification of investments across industries and geographic locations.

#### (e) Fair value of Financial Assets and Liabilities

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Areas of judgement and the assumptions used have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

#### Net fair value

	Carrying	Net Fair	Carrying	Net Fair
	Amount	value	Amount	value
	2011	2011	2010	2010
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalent	82,700	82,700	180,938	180,938
Trade & Other receivables	102,640	102,640	77,613	77,613
Term Deposits	-	-	26,765	26,765
Available-for-sale investments	-	-	379,850	379,850
<b>Total Financial Assets</b>	<b>185,340</b>	<b>185,340</b>	<b>665,166</b>	<b>665,166</b>
<b>Financial Liabilities</b>				
Trade creditors	78,415	78,415	40,477	40,477
<b>Total Financial Liabilities</b>	<b>78,415</b>	<b>78,415</b>	<b>40,477</b>	<b>40,477</b>

## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30TH JUNE 2011

### Note 13 - FINANCIAL INSTRUMENTS (Continued)

#### Fair values of financial instruments are determined on the following basis:

Cash, deposit investments, cash equivalents and non-interest bearing financial assets and liabilities (trade debtors, other receivables, trade creditors and advances) are valued at costs which approximates to fair value.

For listed available-for-sale financial assets, closing quoted bid prices at reporting date are used.

#### Sensitivity analysis

The Committee considers that the only material market risk arises in relation to holdings of available-for-sale investments.

Should share market prices increase/decrease by 10%, the value of investments will increase/decrease by approximately \$Nil (2010: \$37,985). The impact this will have on the equity and surplus of the organisation cannot be determined as it will depend on which investments are impacted by any change in value.

#### Interest rate risk sensitivity analysis

At 30 June 2011, the effect of surplus (deficit) and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2011	2010
	\$	\$
<b>Changes in surplus (deficit)</b>		
- Increase of 2%	1,102	7,597
- Decrease of 2%	(1,102)	(7,597)
<b>Changes in equity</b>		
- Increase of 2%	1,102	7,597
- Decrease of 2%	(1,102)	(7,597)

## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30TH JUNE 2011

### NOTE 14 COMMITTEE MEMBERS BENEFITS

During or since the financial year the Association has paid premiums to insure all directors and officers of the Association against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of directors or officers of the Association, other than conduct involving a willful breach of duty in relation to the Association.

During the year Clubs Victoria Inc. paid \$ 82,132 (plus GST) to Vincent Corp Pty Ltd for rent payments for Level 2, 19-21 Argyle Place South.

Vincent Corp Pty Ltd is associated with the Clubs Victoria ex Councillor Vince Juliano.

Clubs Victoria Inc sold items to various clubs that Council members belong to when clearing the office. These included an oven, cutlery, crockery etc.

### NOTE 15 AUDITOR'S REMUNERATION

Remuneration of the auditor for:	<u>2011</u>	<u>2010</u>
- auditing the financial report	8,750	7,500
- other services	-	2,100
	<u>8,750</u>	<u>9,600</u>

### NOTE 16 CASH FLOW INFORMATION

#### Reconciliation of Cash Flow from Operations with Surplus/(Deficit) from Ordinary Activities after Income Tax

<u>Surplus (Deficit) for the year</u>	(399,640)	(350,335)
Depreciation	5,923	8,417
Profit / Loss on sale of investments	(470)	24,892
Writeoff Bad Debts	28,176	-
Impairment (gain) loss	-	(69,329)
Net loss on disposal of property, plant and equipment	7,214	-
(Increase) / decrease in trade and other receivables	(25,027)	(31,383)
(Increase) / decrease in other current assets	-	111,333
Increase / (decrease) in trade and other payables	(122,294)	28,338
Increase / (decrease) in Prepaid Income	-	-
Increase / (decrease) in Employee Benefit Provisions	(79,227)	(90,972)
<b>Net cash provided by operating activities</b>	<u>(585,345)</u>	<u>(369,039)</u>

### NOTE 17 KEY MANAGEMENT PERSONNEL COMPENSATION

Short term Benefit	272,940	335,000
Post employment Benefit	55,291	24,878
<b>Total Compensation</b>	<u>328,231</u>	<u>359,878</u>

Short term Benefits and Post employment Benefits include Salaries, superannuation, annual leave, long service leave and redundancy payments for key management personnel.

### NOTE 18 LEGAL DISPUTES

Clubs Victoria Inc. has been involved in legal action with Messer's Kearney, Baldi and Thomas Mitchell. This matter has been resolved with expected legal costs in 2011/12.

## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30TH JUNE 2011

### NOTE 19 CONTINGENT LIABILITIES AND ASSETS

#### *Contingent Liability*

A contingent liability for a bank guarantee of \$17,875 has been provided for the rental of Level 2, 19-21 Argyle Place South, Carlton South. The Committee of Management are to notify the Westpac Bank that Clubs Victoria Inc. no longer occupy this premise so that it can be removed.

#### *Contingent Asset*

The association disposed of intellectual property to Project Mercury in return for sponsorship to the value of \$150,000 per annum for a period of 5 years commencing August 2012 with an option for a further 5 year period. Revenue in relation to the sale of intellectual property has not been recognised in the financial statements as it cannot be reliably measured.

### NOTE 20 EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to the reporting period.

### NOTE 21 FINANCIAL POSITION OF CLUBS VICTORIA INC.

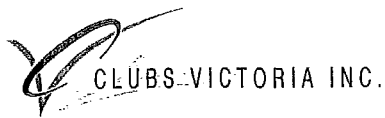
Clubs Victoria Inc. had a deficiency in net assets of \$44,884 as at 30 June 2011. The association incurred a net loss for the year ended 30 June 2011 of \$399,640. This was the result of a business model that was structured with reliance of recurrent revenue which was lost due to cancellation and a heavy expenditure model in comparison with subsequent revenue. The business model was significantly changed during the year and incurred non recurrent expense; however the new financial model recovered the organisation from greater loss.

The Council Members of Clubs Victoria Inc. continue to monitor the financial position of the association to ensure that it can pay its debts as and when they fall due.

On the basis of the financial position outlined above, we believe that there is material uncertainty as to whether Clubs Victoria Inc. can continue as a going concern.

Council members have agreed to take the following steps to address the poor financial position of Clubs Victoria Inc:

- To monitor the renewal of members subscriptions to improve the profitability of the association, and
- Continue to seek organisations for additional sponsorship
- Maintain a reduced expenditure model until revenues improve.



## COMMITTEE'S OPERATING REPORT

Your committee members submit the financial report of Clubs Victoria Inc. for the year ended 30th June 2011.

### COMMITTEE MEMBERS

<u>Position</u>	<u>Name</u>	<u>Elected</u>	<u>Term Expires</u>
President	Peter Craig	2008	2011
Vice President Metro	Barbara Kelly	2009	2012
Vice President Country	Neville Whitely	2009	2012
Treasurer	Byron Smith	2010	2011
Metropolitan	Ian Carlile	2009	2012
Metropolitan	Barbara Kelly	2009	2012
Metropolitan	Ron Eggleton	2009	2011
Metropolitan	Clyde Hiller	2010	2013
Metropolitan	Vince Juliano	2009	2012
Metropolitan	George Csifo	2009	2012

Ron Eggleton (Resigned February 2011)  
 Vince Juliano (Resigned April 2011)  
 George Csifo (Resigned November 2010)  
 Clyde Hiller (Resigned November 2010)  
 Caroline King (Resigned October 2010)

### COMMITTEE MEMBERS

<u>Position</u>	<u>Name</u>	<u>Elected</u>	<u>Term Expires</u>
Casual Vacancy	Ian Robertson	2010	2011
CBD	Caroline King	2010	2011
Country (Area 1)	Brendan Bell	2010	2013
Country (Area 2)	Rick Scott	2008	2011
Country (Area 3)	Michael Sweeney	2009	2012
Country (Area 4)	Jess Feather	2008	2011
Country (Area 5)	Mark Griffiths	2009	2012
Country (Area 6)	Neville Whitley	2009	2012

### PRINCIPAL ACTIVITIES

The principal activities of the association were:

- to provide industrial relations, human resources, financial & general compliance support to members
- to provide facilities to members of the association

### OPERATING RESULTS

The loss from ordinary activities amounted to (\$399,640)

The organisation has received certain grant monies to promote and assist members.

There have been no other significant changes.

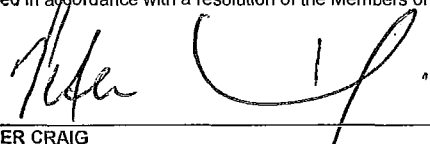
A member may resign in accordance with Rule 10 of the organisation by giving written notice to the Executive Director.

No member or officer of the organisation is a trustee or a director of a trustee of a superannuation entity or an exempt public sector superannuation scheme where the criterion for that office is membership or office holder of this organisation.

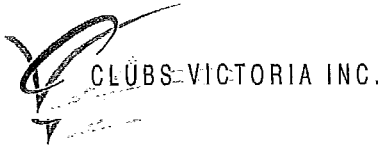
The number of members recorded as at the end of the financial year for Section 230 of the Act schedule is 342.

The number of full-time or full-time equivalent employees at the end of the financial year is 1.

Signed in accordance with a resolution of the Members of the Committee.

  
 \_\_\_\_\_  
 PETER CRAIG

Dated 27.9.2011



## COMMITTEE OF MANAGEMENT STATEMENT

On 27 September 2011 at a meeting of the Committee of Management of Clubs Victoria Inc. the Financial Report was tabled, which included the following resolutions and it was resolved to accept the Financial Report including the following resolutions in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2011:

The Committee of Management declares in relation to the GPFR that in its opinion:

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with the reporting guidelines of the General Manager, Fair Work Australia.
- c) the financial statements and notes presents fairly the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Act and the regulations; and
  - (iv) the information sought in any request of a member of the reporting unit or the General Manager duly made under section 272 of the Act has been furnished to the member or the General Manager; and
  - (v) there has been compliance with any order for inspection of financial records made by Fair Work Australia under section 273 of the Act.

For Committee of Management:

  
PETER CRAIG

Dated

27.9.11

## Report on the Financial Report

We have audited the accompanying financial statements of Clubs Victoria Incorporated which comprises the statement of financial position as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee.

### *Committee's Responsibility for the Financial Statements*

The committee of the association is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the requirements of the Associations Incorporations Act 1981 and the Fair Work (Registered Organisations) Act 2009. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statements 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 statements are free from material misstatement.

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

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

### *Auditor's Opinion*


In our opinion :

- a) the general purpose financial report is presented fairly in accordance with the applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009
- b) is in accordance with the Associations Incorporations Act 1981, including, giving a true and fair view of the associations financial position as at 30 June 2011 and its performance for the year ended on that date, and complying with Australian Accounting Standards.

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 21 in the financial statements which indicates that Clubs Victoria Inc. incurred a net loss of \$399,640 during the year ended 30 June 2011 and, as of that date, the association's current liabilities exceeded its total assets by \$44,884. These conditions, along with other matters as set forth in Note 21, indicate the existence of a material uncertainty which may cast significant doubt about the association's ability to continue as a going concern.

Bell Partners   
Chartered Accountants

  
Ryan H Dummett  
Partner

Dated: 30<sup>th</sup> OCTOBER 2011