



Mr John Davis  
Secretary  
The Showmen's Guild of Australasia  
PO Box 690  
BEENLEIGH QLD 4207

Dear Mr Davis,

**The Showmen's Guild of Australasia**  
**Financial Reports for Years Ended: 31 December 2004 (FR2004/658)**  
**31 December 2005 (FR2005/631)**  
**31 December 2006 (FR2006/549)**  
**31 December 2007 (FR2007/604)**  
**Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

I refer to the Registry's letter dated 1 April 2008 acknowledging receipt of financial reports of The Showmen's Guild of Australasia for the financial years ending 31 December 2005, 31 December 2006 and 31 December 2007. The 2005 report was lodged in the Registry on 3 March 2008 and the reports for the 2006 and 2007 years were both lodged on 26 March 2008

As foreshadowed in that letter, a comprehensive review of the Guild's financial reports for the four financial years up to 31 December 2007 has now been undertaken in light of continuing problems presented by reports, including qualified audit opinions for each report.

The Guild's Committee of Management is responsible for the preparation and fair presentation of financial reports in accordance with Australian Accounting Standards (which include the Australian Accounting Interpretations) (see section 253 of the RAO Schedule). This responsibility includes establishing and maintaining internal controls relevant to the preparation of the financial report so that the financial report 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.

The financial reports for the four financial years ended 31 December 2004, 2005, 2006 and 2007 were qualified by the auditor due to non-compliance with reporting requirements of the Australian Accounting Standards. In addition, significant deficiencies in the internal control environment caused the auditor to issue various qualifications for each of these years. The internal control weaknesses associated with collecting monies from Poker Machines, and Function and Bar Collection and Cash Floats have resulted in frauds and inhibited the reporting of reliable financial information. Given the various breakdowns in internal controls that have occurred over an extended period of time, there is also a concern that the Committee of Management has not complied with its obligations under the RAO Schedule to prepare proper financial records in accordance with the requirements of section 252.

The fact that the audit reports have been qualified indicates that the Committee of Management have failed to comply with key financial reporting obligations of the RAO Schedule including the requirement to prepare annual financial reports in accordance with Australian Accounting Standards (section 253(1)) and to prepare financial reports that reflect a true and fair view of the financial position and performance of the Guild (section 253(3)) as required by declarations under the Committee of Management Statement.

A significant improvement in relation to internal controls and the reporting process is required to ensure that the Committee of Management complies with its obligations under the Act. The Guild must review its financial reporting processes to ensure that it can comply with the RAO Schedule in future financial years. Further, the Committee must review its internal control environment to ensure that appropriate standards for financial management are implemented, resulting in an effective management reporting system and internal control system. This

includes internal controls to deal with both the effectiveness and the efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

Included as Attachment A to this letter is a detailed analysis of our concerns regarding compliance by the Guild with the requirements of the RAO Schedule with respect to the financial documents for 2004 through to 2007.

### **Possible Consequences of Continued Failure to Comply with the RAO Schedule**

I am concerned that, despite assistance from the Registry, the Guild has consistently failed over a number of years to meet its obligations under the RAO Schedule.

I now expect the Guild to implement all of the necessary and appropriate procedures to remedy past deficiencies.

I draw your attention to the power of the Registrar, under section 331 of the RAO Schedule, to conduct an investigation into a possible contravention of the financial reporting requirements of the RAO Schedule, the RAO Regulations or the Reporting Guidelines. The Registrar has power to require the participation of a designated officer or employee of an organisation and of the organisation's auditor(s). Such persons can be required to provide the Registrar with information, records or other documents or to attend before the Registrar to answer questions relating to the investigation (see section 335 of the RAO Schedule). If, at the conclusion of the investigation, the Registrar is satisfied that a contravention has occurred, he may issue a notice requiring rectification of the matter or he may apply to the Federal Court of Australia for an order imposing a civil (financial) penalty upon the organisation or, if appropriate, refer the matter to the Director of Public Prosecutions for action in relation to possible criminal offences.

The Federal Court of Australia has the power to impose a civil (financial) penalty for failure to comply with the RAO Schedule under section 305 of the RAO Schedule. In particular, I draw your attention to subsection 305(2)(w), which provides for the imposition of penalties for breaches of sections 253 and 254 of the RAO Schedule. Section 253 of the RAO Schedule states as follows (emphasis added):

#### **253 Reporting unit to prepare general purpose financial report**

(1) As soon as practicable after the end of each financial year, a reporting unit must cause a general purpose financial report to be prepared, in accordance with the Australian Accounting Standards, from the financial records kept under subsection 252(1) in relation to the financial year.

(2) The general purpose financial report must consist of:

(a) financial statements containing:

- (i) a profit and loss statement, or other operating statement; and
- (ii) a balance sheet; and
- (iii) a statement of cash flows; and
- (iv) any other statements required by the Australian Accounting Standards; and

(b) notes to the financial statements containing:

- (i) notes required by the Australian Accounting Standards; and
- (ii) information required by the reporting guidelines (see section 255); and

(c) any other reports or statements required by the reporting guidelines (see section 255).

(3) The financial statements and notes for a financial year must give a true and fair view of the financial position and performance of the reporting unit. This subsection does not affect the obligation for a financial report to comply with the Australian Accounting Standards.

*Note 1: This section is a civil penalty provision (see section 305).*

*Note 2: The Australian Accounting Standards may be modified for the purposes of this Schedule by the regulations.*

*Note 3: If the financial statements and notes prepared in compliance with the Australian Accounting Standards would not give a true and fair view, additional information must be included in the notes to the financial statements under paragraph (2)(b).*

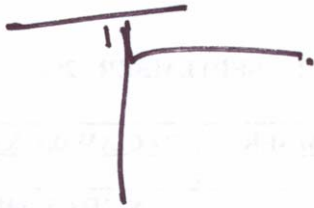
I note that any investigation that may be launched could relate to all of the financial years in question, not just the latest financial year.

In light of the above, your urgent attention to these issues is required. Some recommendations regarding improvements that the Guild may wish to implement are contained in the analysis included as Attachment A. You are urged to seriously consider the observations and recommendations in Attachment A and to immediately introduce appropriate measures.

I recognise that, even if strategies are introduced immediately, it will take some time for the financial accounts to be free of the types of deficiencies that have arisen in the past. While I require remedial measures to be introduced immediately, the financial report for the year ended 31 December 2008 may contain some (albeit fewer) deficiencies than previous years. My firm expectation, however, is that the auditor will be able to report for the year ended 31 December 2008 that steps have been implemented to remedy any such deficiencies or qualifications to the audit report.

If you have any questions in relation to this matter, please contact Ailsa Carruthers on (03) 8661 7767 (except Wednesdays) or by email at [ailsa.carruthers@air.gov.au](mailto:ailsa.carruthers@air.gov.au).

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'Terry Nassios', written over a faint, illegible background.

Terry Nassios  
Deputy Industrial Registrar

7 August 2008

cc: Mr Errol Allan  
KP Business Accountants

**The Showmen's Guild of Australasia  
Detailed Analysis of Compliance of Financial Reports  
– Years Ended 31 December 2004, 2005, 2006 and 2007**

<b>Comment</b>	<b>Key Observations and Recommendations</b>
<p>Financial reports lodged were not in compliance with Australian Accounting Standards as the audit report was qualified for the four financial years ended 31 December 2004 - 2007</p>	<p><b>Key Observations</b></p> <ul style="list-style-type: none"> <li>• Financial reports for the four financial years ended 31 December 2004-2007 were qualified as a result of not complying with various accounting measurement requirements set out in the Australian Accounting Standards. A weak internal control environment has also caused non-compliance with Accounting Standards to continue for the four financial years ended 31 December 2007. Accounting issues that have led to the audit qualifications are discussed below.</li> <li>• The external auditor's management improvement recommendations stated that the Showmen's Guild has difficulty retaining adequate experienced staff to monitor compliance requirements in relation to the RAO Schedule to the Workplace Relations Act 1996 (the Act); the Gaming Machine Act 1991; and the requirement to prepare general purpose financial reports required by Australian Accounting Standards and the additional reporting requirements of the Act. Non-compliance with the Australian Accounting Standards is the major cause for continuing audit qualification for the four financial years ended 31 December 2007.</li> </ul> <p><b>Key Recommendations</b></p> <ul style="list-style-type: none"> <li>• We recommend that the Committee of Management of the Showmen's Guild reviews the entity's financial reporting process, the audit process and the processes for monitoring compliance with applicable laws and regulations.</li> <li>• We recommend that the Committee of Management review its risk management and internal control environment. Risk management and internal control refers to the processes, structures and culture established to identify, assess, treat and monitor risk affecting the financial performance and financial reporting of Showmen's Guild.</li> </ul>
<p>Accounting measurements in relation to valuation and depreciation of Property, Plant and Equipment for the four financial years ended 31 December 2007 did not comply with Australian</p>	<p><b>Key Observations</b></p> <ul style="list-style-type: none"> <li>• It is the policy of Showmen's Guild to revalue its land and building, and plant and equipment every two years. Whilst the land and buildings and plant and equipment are stated in the financial report at fair value, no recent valuations have been undertaken to verify that assets are stated at the correct fair value and these assets are also not being depreciated as required by Australian Accounting Standards.</li> </ul>

Comment	Key Observations and Recommendations
Accounting Standards.	<p><b>Key Recommendations</b></p> <ul style="list-style-type: none"> <li>• In accordance with paragraph 31 of AASB 116 “Property, Plant and Equipment”, assets that are carried at fair value amount shall be subject to revaluation regularly to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Paragraph 34 of AASB 116 provides guidance on frequency of revaluations. The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. For items of property, plant and equipment with only insignificant changes in fair value, it may be necessary to revalue the item only every three or five years; otherwise annual revaluations are required. We recommend that that management reassess its accounting policy on Property, Plant and Equipment to determine the frequency of revaluations for the items of assets stated at fair value.</li> <li>• Assets at fair value are required to be stated in the financial statements at fair value less any subsequent accumulated depreciation and impairment losses. Depreciation begins when it is available for use.</li> <li>• Buildings have a limited useful life and therefore are depreciable assets in accordance with paragraph 51 of AASB 116.</li> <li>• Given that the Guild has not depreciated all its assets in the past, we recommend that the Committee of Management determine the depreciation method for all its assets and commence depreciation. The depreciation method used shall reflect the pattern in which the asset’s future economic benefits are expected to be consumed by the entity.</li> </ul>
Litigation settlements with ACCC were incorrectly disclosed as legal fees for the financial year ended 31 December 2006.	<p><b>Key Observations</b></p> <ul style="list-style-type: none"> <li>• The audit qualification indicated that the Guild has disclosed litigation settlements with ACCC as a legal expense.</li> <li>• This accounting treatment does not comply with the requirement of paragraph 98 of AASB 101 “Presentation of Financial Statements”.</li> <li>• Paragraph 97 of AASB 101 states that when items of income or expense are material; the Guild shall disclose their nature and amount separately</li> </ul> <p><b>Key Recommendations</b></p> <ul style="list-style-type: none"> <li>• A litigation settlement is a type of transaction that requires separate disclosure in accordance with paragraph 98 of AASB 101 “Presentation of Financial Statements”. We recommend that the Guild present an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant. Also, we recommend that the Committee of Management separately disclose the nature and amount</li> </ul>

Comment	Key Observations and Recommendations
	of any items of income or expense that are material in the Income Statement.
<p>The 2005 audit report was qualified due to the auditor being unable to obtain sufficient appropriate audit evidence after examining the records underlying the opening balances. In accordance with the Australian Auditing Standard AUS 510, the auditor is required to obtain sufficient and appropriate audit evidence regarding opening balances.</p>	<p><b>Key Observation</b></p> <ul style="list-style-type: none"> <li>• The prior year financial report was not audited. The financial year ended 31 December 2005 audit report was qualified due to the auditor being unable to obtain sufficient appropriate audit evidence after examining the records underlying the opening balances.</li> <li>• It appears that the lack of sufficient records could be due to poor management reporting systems. Internal control reconciliation processes relate to the regular (i.e. weekly, monthly) reconciliation of Balance Sheet general ledger accounts and key Income Statement general ledger accounts. General ledger control accounts should be reconciled to supporting reports (e.g. accounts receivables aged trial balance) or external documentation. Reconciliation of general ledger accounts is an important internal control process for ensuring the accurate and timely processing of transactions. If reconciliations are not performed on a regular basis there is an increased risk of transaction errors occurring.</li> </ul> <p><b>Key Recommendations</b></p> <ul style="list-style-type: none"> <li>• Implementation of an effective management reporting system should be a priority. We recommend that General ledger reconciliations should be prepared on a regular basis and appropriately reviewed and authorised by management if this has not already occurred.</li> </ul>
<p>Internal controls weakness and insufficient inventory records maintained have resulted in audit qualification for the financial year ended 31 December 2005</p>	<p><b>Key Observation</b></p> <ul style="list-style-type: none"> <li>• Retaining a copy of important accounting records, such as the year end inventory ledger, is an important control process. This observation indicates a control weakness surrounding inventory management.</li> <li>• The breakdown in control surrounding inventory management processes was due to insufficient documentation being maintained in relation to inventory records. Furthermore, it was highlighted by the external auditor that the Guild did not perform yearly inventory physical counts soon after year end. Also, no reconciliation of inventory physical count results to perpetual records is performed. If reconciliations are not performed on a regular basis there is an increased risk of transaction errors occurring. This could result in cost of inventories being incorrectly stated in the financial report.</li> </ul> <p><b>Key Recommendations</b></p> <ul style="list-style-type: none"> <li>• Inventory physical count should be completed once a year at a minimum. Regular inventory physical count is an important control process for ensuring that computer systems are accurately recording inventory, sales and purchases. Regular inventory physical count identifies major discrepancies between perpetual records and physical inventory and can so highlight any system</li> </ul>

Comment	Key Observations and Recommendations
	problems
<p>Poor safeguarding of cash assets at the Poker Machine; Function and Bar Collection and Cash Floats has led to misappropriation of funds, which has resulted in audit qualifications for the three financial years ended 31 December 2007</p>	<p><b>Key Observations</b></p> <ul style="list-style-type: none"> <li>• The Guild has poor internal control surrounding safeguarding cash assets, which has resulted in misappropriation of funds. Also, pre-signed cheques increase the risk of fraudulent activity occurring during the normal course of business which may not be detected in a timely manner.</li> </ul> <p><b>Key Recommendations</b></p> <ul style="list-style-type: none"> <li>• We recommend that the practice of pre-signing cheques should be stopped as it could result in potential misappropriation of funds, and increases the risk of fraudulent activity occurring during the normal course of business which may not be detected in a timely manner.</li> <li>• Cash assets have high susceptibility to misappropriation. Failure to ensure the record keeping and appropriate cash collection procedures are established compromises security of cash assets handled by employees. We recommend that an appropriate person review bank and daily income collection reconciliations and investigate and resolve unusual transactions in a timely manner.</li> <li>• Cash assets and related bank accounts should be reconciled at least weekly to general ledger accounts. Cash count at all poker machines should be carried out daily. Reconciliation of cash count results to the general ledger may assist in identifying any unusual transactions.</li> <li>• The effective operation of the accounting functions should be a key objective for areas that are more susceptible to misappropriation of funds, so as to ensure the integrity and completeness of all transactions and the protection of its cash assets. While in circumstances where it is impractical to reduce substantially the control risk due to small numbers of employees, an effort should be made where possible to segregate incompatible functions (e.g. the authorisation and processing of transactions).</li> </ul>
<p>Other breaches of Australian Accounting Standards in addition to those identified above for the four financial years ended</p>	<p><b>Key Observations – 31 December 2007</b></p> <ul style="list-style-type: none"> <li>• The 31 December 2007 financial report includes both consolidated accounts and accounts for the Guild 2007 and Club 2007. In the financial years ended 31 December 2005 and 31 December 2006, consolidated financial reports have not been prepared. The financial statements that have been prepared for 2007 are confusing and the purpose of preparing consolidated financial</li> </ul>

Comment	Key Observations and Recommendations
31 December 2004-2007	<p>statements when this has not occurred in prior financial years is unclear.</p> <ul style="list-style-type: none"> <li>• The financial statements generally for the 31 December 2007 financial year do not appear to be in accordance with Australian Accounting Standards including the requirement to prepare a Statement of Recognised Income and Expense or a Statement of Changes in Equity and the use of the term Profit and Loss Statement is not in accordance with Australian Accounting Standards.</li> <li>• The accounting policy notes for the 31 December 2007 financial year are completely inadequate and fail to meet reporting and disclosure obligations under various Australian Accounting Standards.</li> <li>• The notes to the financial statements are also inadequate and lack disclosures in relation to related parties, segment reporting and financial instruments.</li> <li>• Whilst the auditor has issued various qualifications in relation to the financial report for the financial year ended 31 December 2007, the auditor has nevertheless issued an opinion that states “except for the matters raised in the qualifications paragraph: the financial statements of the Showmen’s Guild of Australasia Incorporated present a true and fair view...[and] the financial statements are properly drawn up complying with Accounting Standards..”. It is our view that the various deficiencies in the financial report are so numerous that the external auditor of the Showmen’s Guild should have reached the conclusion that a Disclaimer of Opinion was warranted.</li> </ul> <p><b>Key Observations – 31 December 2006</b></p> <ul style="list-style-type: none"> <li>• The 31 December 2006 financial report includes both consolidated accounts and accounts for the Guild 2007 and Club 2007. In the financial years ended 31 December 2005 and 31 December 2006, consolidated financial reports have not been prepared. The financial statements that have been prepared for 2007 are confusing and the purpose of preparing consolidated financial statements when this has not occurred in prior financial years is unclear.</li> <li>• The financial statements generally for the 31 December 2006 financial year do not appear to be in accordance with Australian Accounting Standards including the requirement to prepare a Statement of Recognised Income and Expense or a Statement of Changes in Equity and the use of the term Profit and Loss Statement is not in accordance with Australian Accounting Standards.</li> <li>• There are no accounting policy notes for the 31 December 2006 financial year and the financial statement notes generally are completely inadequate and fail to meet reporting and disclosure obligations under various Australian Accounting Standards.</li> </ul>



Comment	Key Observations and Recommendations
	<ul style="list-style-type: none"> <li>• The notes to the financial statements are also inadequate and lack disclosures in relation to related parties, segment reporting and financial instruments.</li> <li>• Whilst the auditor has issued various qualifications in relation to the financial report for the financial year ended 31 December 2007, the auditor has nevertheless issued an opinion that states “except for the matters raised in the qualifications paragraph: the financial statements of the Showmen’s Guild of Australasia Incorporated present a true and fair view...[and] the financial statements are properly drawn up in accordance with Acceptable Accounting Standards..”. It is our view that the various deficiencies in the financial report of the Showmen’s Guild should have caused the auditor to reach the conclusion that a Disclaimer of Opinion was warranted.</li> </ul> <p><b>Key Observations – 31 December 2005</b></p> <ul style="list-style-type: none"> <li>• The notes to the financial statements are inadequate and lack disclosures in relation to related parties, segment reporting and financial instruments.</li> <li>• Whilst the auditor has issued various qualifications in relation to the financial report for the financial year ended 31 December 2007, the auditor has nevertheless issued an opinion that states “except for the effects of the financial report of the matter referred to in the qualifications paragraphs, the financial report presents fairly in accordance with applicable Accounting Standards..”. It is our view that the various deficiencies in the financial report are so numerous that the external auditor of the Showmen’s Guild should have reached the conclusion that a Disclaimer of Opinion was warranted.</li> </ul> <p><b>Key Observations – 31 December 2004</b></p> <ul style="list-style-type: none"> <li>• The accounting policy notes for the 31 December 2004 financial year are completely inadequate and fail to meet reporting and disclosure obligations under various Australian Accounting Standards.</li> <li>• The notes to the financial statements are also inadequate and lack disclosures in relation to related parties, segment reporting and financial instruments.</li> <li>• As discussed above, the external auditor has issued various qualifications including failure to comply with the Accounting Standards on measurement and disclosure of Accounting Standards.</li> <li>• It appears that the Guild has issued a separate audit report on the Cash Flow Statement and a separate audit report on the balance of the financial statements. This is also inconsistent with Australian Accounting Standards, and the Cash Flow Statement should form part of the financial statements.</li> <li>• Whilst the auditor has issued various qualifications in relation to the financial report for the financial year ended 31 December</li> </ul>

Comment	Key Observations and Recommendations
	<p>2004 the auditor has nevertheless issued an opinion that states "except for the matters raised in the qualifications paragraph: the financial statements of the Showmen's Guild of Australasia Incorporated present a true and fair view... [and] the financial statements are properly drawn up complying with Accounting Standards". It is our view that the various deficiencies in the financial report are so numerous that the external auditor of the Showmen's Guild should have reached the conclusion that a Disclaimer of Opinion was warranted.</p>



Mr Errol Allan  
KP Business Accountants  
PO Box 10181  
Brisbane Adelaide Street QLD 4000

Dear Mr Allan,

**The Showmen's Guild of Australasia**  
**Financial Reports for the Year Ended 31<sup>st</sup> December 2005 and 2006**  
**Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

Thank you for your letter dated 29<sup>th</sup> November 2007 outlining a plan of action in response to my letter of 29<sup>th</sup> October 2007 regarding the financial reports of The Showmen's Guild of Australasia.

**Financial year ended 31<sup>st</sup> December 2006 (FR 2006/549)**

I note an inconsistency between the timetable that is set out in the table (which states that steps 5 and 6 will be completed by 18<sup>th</sup> February 2008) and subsequent paragraphs which refer to a meeting that is to be held on 18<sup>th</sup> March 2008. Given the requirement that documents be circulated to members a minimum of 21 days prior to the meeting at which they are presented and given that steps 1 to 4 will not be completed until 4<sup>th</sup> February 2008, I presume that there is a typographical error in the table. I therefore presume that the Guild is undertaking to complete steps 5 and 6 by presenting documents to a general meeting of members by 18<sup>th</sup> March 2008.

The proposed plan is acceptable to the Registry. We look forward to receiving the financial reports for the 2006 and 2007 financial years as outlined in your letter within 14 days of the meeting at which they are presented in March 2008.

**Financial year ended 31<sup>st</sup> December 2005 (FR2005/631)**

My letter of 29<sup>th</sup> October 2007 advised that the Registry has no record of lodgement of an audited financial report for the financial year ended 31<sup>st</sup> December 2005. The Guild was therefore required to lodge its audited 2005 financial report 'without further delay'.

Your letter has not addressed the issue of the outstanding report for the year ended 31<sup>st</sup> December 2005.

I therefore require you to provide me **by close of business on 17<sup>th</sup> December 2007** with either the audited financial report or a written response setting out a reasonable timeframe within which the report will be lodged with the Registry.

If you have any questions in relation to this matter, please contact Ailsa Carruthers by email at [ailsa.carruthers@air.gov.au](mailto:ailsa.carruthers@air.gov.au) or by telephone on 03 8661 7767 on a Monday, Wednesday or Thursday.

Yours sincerely,

Terry Nassios  
Deputy Industrial Registrar

10<sup>th</sup> December 2007

cc: Mr LJ Davis  
The Showmen's Guild of Australasia  
PO Box 690  
BEENLEIGH QLD 4207



ABN 26 009 935 353

29 November 2007

Australian Industrial Registry  
GPO Box 1994  
MELBOURNE VIC 3001

Attention: Ailsa Carruthers

Dear Ailsa

I wish to advise that I attended a meeting with the Executive Staff of The Showmen's Guild of Australasia on Friday 23<sup>rd</sup> November 2007, and they have agreed to take the steps recommended by your Department which were listed in your letter dated 29<sup>th</sup> October 2007.

On behalf of the Showmen's Guild Executive Committee I lodge below a detailed Plan of action which will address the Deputy Industrial Registrar's requirement.

Our firm has been engaged by the Showmen's Guild to implement and monitor the following:-

**Steps to be taken**

1 to 4

5 & 6

7 & 8

**Completion Date**

4<sup>th</sup> February 2008

18<sup>th</sup> February 2008

Before 14 days after 18<sup>th</sup> March 2008

Please note that it will be a major task to present all the amended documents to a general meeting. The Executive Committee of the Showmen's Guild has agreed to adhere to the Deputy Industrial Registrar's request and is confident that all these amendments will be completed within a reasonable time frame, given the Christmas and New Year holiday breaks.

It only makes economic sense to also prepare the 31<sup>st</sup> December 2007 Reports in the requested format and it is the intention of the Executive Committee to present both the 2007 Audited Financials and the Amended 2006 Audited Financials to the Committee of Management and to a General Meeting of Members as required by S266 of the RAO Schedule. This meeting will be held on 18<sup>th</sup> March 2008.

Therefore, whilst it has been planned to have the amended 2006 Audited Financials completed by 4<sup>th</sup> February 2008 and the 2007 Audited Financials by 14<sup>th</sup> February 2008, these documents will not be presented to a General Meeting of Members until 18<sup>th</sup> March 2008.

The Secretary of the Showmen's Guild will not be able to lodge the Amended 2006 Audited Financials and the 2007 Audited Financials before 18<sup>th</sup> March 2008.

Yours faithfully

**ERROL ALLAN**  
for KP BUSINESS ACCOUNTANTS



Suite 22 / Level 2 Morris Towers  
149 Wickham Terrace, Brisbane Qld 4000  
PO Box 10181, Brisbane Adelaide Street Qld 4000  
Email: errol@kpbiz.com.au  
christie@kpbiz.com.au  
Telephone: (07) 3839 2533 Facsimile: (07) 3831 3689



Mr L J Davis  
Secretary  
The Showmen's Guild of Australasia  
PO Box 690  
BEENLEIGH QLD 4207

Dear Mr Davis,

**The Showmen's Guild of Australasia  
Financial Reports for Years Ended 31<sup>st</sup> December 2005 and 2006  
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

I refer to the Guild's accountability obligations to its members arising under the RAO Schedule in relation to the finances and financial administration of the Guild.

I am concerned that the Guild has not fully met these obligations with respect to financial reports since commencement of the RAO Schedule on 12<sup>th</sup> May 2003, that is, the financial reports of the Guild for its last 3 financial years:

- **Year ended 31<sup>st</sup> December 2006** (FR2006/549) - the deficiencies that exist in the financial report lodged in the Registry on 15 May 2007 are unacceptable. The documents lodged have not been filed. These deficiencies are detailed in Attachment A.
- **Year ended 31<sup>st</sup> December 2005** (FR2005/631) - the Registry has no record of lodgment of an audited financial report.
- **Year ended 31<sup>st</sup> December 2004** (FR2004/658) - the opinion of the auditor was qualified in respect to 7 issues.

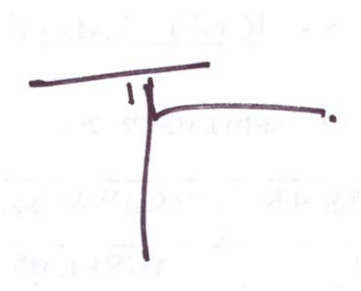
While the Registry has sought to assist the Guild in meeting its obligations over the years, it is disappointing that such deficiencies continue to occur. Nevertheless, before I might resort to measures of a more punitive nature I am prepared to extend to the Guild a final opportunity to properly address its accountability obligations to members in relation to the finances and financial administration of the Guild as follows:

1. The audited financial report of the Guild for year ended 31<sup>st</sup> December 2005 should be lodged in the Registry without further delay.
2. The Guild must prepare and have audited to the standard required by the RAO Schedule a completely new financial report for the financial year ended 31<sup>st</sup> December, 2006. The new report must be progressed through the various steps of the financial reporting process set out in the RAO Schedule.

I require that you provide me **by close of business on 16<sup>th</sup> November 2007** a detailed plan of action to address within a reasonable timeframe the requirements I have enumerated above.

If you have any questions in relation to this matter, please contact Ailsa Carruthers by email at [ailsa.carruthers@air.gov.au](mailto:ailsa.carruthers@air.gov.au) or by telephone on 03 8661 7767 on a Monday, Wednesday or Thursday.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'Terry Nassios', written over a faint grid background. The signature consists of a horizontal line at the top, a vertical line extending downwards from the center, and a horizontal line extending to the right from the middle of the vertical line.

Terry Nassios  
Deputy Industrial Registrar

29<sup>th</sup> October 2007

**DEFICIENCIES IN LODGED DOCUMENTS** for year ended 31<sup>st</sup> December 2006 (FR2006/549)

In preparing a new report, there are a number of deficiencies in the lodged documents that must be addressed:

- **Preparation of Special Purpose Financial Report:** the financial report does not contain any statement regarding the basis of its preparation or any statement of accounting policies. The only mention of the basis of preparation is in the Auditor's Report, which indicates that the financial report is a Special Purpose Financial Report (SPFR) rather than a General Purpose Financial Report (GPFR). The only suggestion of the report being a GPFR is in the covering letter attaching the financial report for lodgement.

The preparation of a SPFR is not consistent with the requirements of the RAO Schedule. Section 253 of the Schedule expressly requires the Guild to prepare a GPFR. That GPFR must then be audited and the auditor must state whether, in his or her opinion, the GPFR is presented fairly in accordance with Australian Accounting Standards and the requirements of the RAO Schedule. The RAO Schedule makes no provision of any kind for the use of SPFRs. While section 270 of the RAO Schedule does make provision for reduced reporting requirements, this only applies to whole registered organisations that have a total income of less than \$100,000.

In particular, the Guild must address the requirements of section 252, 253 and 254 of the RAO Schedule when preparing a financial report. A copy of these sections is included at Attachment B. The Guild must also address the reporting guidelines issued by the Industrial Registrar under section 255.

- **Breach of Accounting Standards:** the disclosure requirements of all Australian Accounting Standards must be addressed in preparation of a financial report. In particular, the report must address the requirements of AASB 116 Property Plant & Equipment (refer below to the first and second qualifications to the Auditor's Report, which indicate that this Australian Standard has been breached); AASB 101 Presentation of Financial Statements; AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors; AASB 124 Related Party Disclosures; AASB 3 Business Combinations; and AASB 137 Provisions, Contingent Liabilities and Contingent Assets.
- **Deficient Auditor's Report:** the Auditor's Report indicates in its 'Scope' paragraphs that the financial report has been prepared to fulfil the requirements of the Workplace Relations Act 1996 (WR Act), Associations Incorporation Act 1981 and the Industrial [Relations] Act 1999. The Audit Opinion paragraphs, however, only refer to the Associations Incorporation Act 1981 and the Industrial Relations Act 1999 and make no reference to the WR Act or the RAO Schedule.

As an organisation that has been federally registered pursuant to the provisions of the WR Act, it is the requirements of that Act (which includes the RAO Schedule) that the Guild must address in preparing its financial reports. Whether or not the financial reports address the requirements of other (State) legislation (such as the Associations Incorporation Act 1981 and the Industrial Relations Act 1999) is not a matter for consideration by the Industrial Registry.

The Auditor's Report is deficient in that it has failed both to address the requirements of a GPFR and to form an opinion regarding the requirements of the WR Act and the RAO Schedule.

- **Qualified Auditor's Report:** The auditor has listed seven qualifications, namely:

*1/ It is a policy of the Showmen's Guild to have an Independent valuation carried out every two years on all Land and Buildings and Plant and Equipment held by the Showman's Club.*

*These assets are not depreciated since the Guild's Committee value these assets at it's Current Fair Market Value.*

*2/ In 2006 there was no amount taken up in the financials for Depreciation.*

*3/ There was no change for provision for bad debts. This has remained at \$10000.*

*4/ During December 2005 and January 2006 misappropriation occurred and funds were stolen. The amount believed to be stolen in January 2006 was \$8455.19. Person responsible for misappropriation was dismissed on 16<sup>th</sup> January 2006.*

*5/ Due to the long term business culture, majority of the Income derived by the Showmen's Guild is of a nature that full control of receipts cannot be maintained until the amount is banked and recorded in the Guild's books and records. Therefore we are unable to confirm that all receipts have been properly recorded.*

*6/ An extraordinary amount of \$114890.82 classified as legal fees were incurred during the year. It is to be noted that \$100000 of this expense was paid to the Australian Competition and Consumer Commission (ACCC) as final payment to settle the ongoing litigation with ACCC.*

*7/ In our opinion, due to the turnover of club managers and staff at the club it has been difficult to retain adequate skilled staff to carry out the required level of monitoring and control in accordance with the standards required by the Gaming Machine Act 1991. We strongly recommend appointment of adequately skilled people to carry out these functions to reduce the level of errors and negative variances.*

- **Missing Documents:** there are a number of missing documents that must be included in a GPFR. These documents are:
  - Statement of Cash Flows: section 253(2)(a)(iii) of the RAO Schedule requires a GPFR to include a statement of cash flows;
  - Committee of Management Statement: section 253(2)(c) of the RAO Schedule, together with the Reporting Guidelines that have been issued by the Industrial Registrar, require the Guild to prepare a Committee of Management statement each financial year. An example statement is included as Attachment C for your assistance;
  - Secretary's Certificate: section 268 of the RAO Schedule requires the Guild to lodge a Secretary's Certificate (which is usually signed by the Secretary, but which can also be signed by another 'designated officer' – see section 243 of the RAO Schedule). The certificate must be prepared within 14 days of the meeting at which the financial documents are presented and must state that the documents are copies of those documents that were provided to members and presented to a meeting in accordance with section 266 of the RAO Schedule. An example certificate is included as Attachment D for your assistance;
- **Deficient Operating Report:** the Operating Report that has been lodged (which is titled 'Committee's Report') fails to meet the legislative requirements to such an extent that it must be reissued. In order properly to meet the requirements of section 254 of the RAO Schedule and Regulation 159 of the Workplace Relations (Registration and Accountability of Organisations) Regulations (RAO Regulations), an operating report must also provide the following further information:
  - the report is undated. All reports must be dated as a matter of course in order to be satisfied that the relevant timeframe requirements have been met;
  - the report must give details of the right of members to resign from the Guild as set out in section 174 of the RAO Schedule. For your assistance, a copy of section 174 is included at Attachment E;



- the report is required to state whether any officer or member is a trustee of a superannuation entity (or a director of a company that is a trustee of a superannuation entity). In the event that no officer or member is a trustee or director of a superannuation entity, the Operating Report should include a statement to this effect;
- the report must state the number of persons who were, at the end of the financial year, recorded in the register of members;
- the report must state the number of persons who were employees of the Guild as at the end of the financial year. This number must include both full-time employees and part-time employees measured on a full-time equivalent basis. It is not sufficient that Note 9 states elsewhere in the financial documents that there were 8 employees at the end of the financial year; and
- the report must state the 'period' for which each committee of management member held office. The Committee's Report only provided the names of committee members 'at the day (sic) of this report'. It is therefore necessary, for instance, to state that all committee members held office for the financial year or to provide the dates upon which committee members assumed, or ceased to hold, office.

A sample Operating Report is included as Attachment F.

## **OTHER COMMENTS REGARDING LODGED DOCUMENTS**

In preparing a new financial report, you are also requested to address these further, less substantial, issues:

### **Disclosure of Expenditure**

When preparing a GPFR, section 253(2) of the RAO Schedule requires a reporting unit to provide information that is specified in the Industrial Registrar's Reporting Guidelines. In particular, Guideline 11 sets out in detail those items of expense that must be disclosed by a reporting unit either in the notes to, or on the face of, a financial statement. Included are such items as:

- employment benefits paid to office holders (11(g));
- employment benefits paid to employees (other than office holders) (11(h));
- fees and/or allowances paid for attendance at conferences (11(i));
- conference and meeting expenses (11(k));

Each of these items must be *separately* disclosed. It is therefore insufficient to group employment benefits paid to holders of office and to employees under the one item (as has occurred for the 'Wages' item on page 7). In the event that employment benefits only relate to one category of persons (whether *office holders* or *employees*) the accounts should clearly indicate which category applies.

Similarly, it is insufficient to provide one figure for 'Travel, accom & conference' as this figure must be divided up into fees and/or allowances paid for attendance at conferences and conference and meeting expenses. The expense for 'Meeting' should therefore be reclassified as 'conference and meeting expenses'.

### **Notice under Sections 272(1), (2) and (3)**

The Notes to the GPFR are required to include a notice drawing attention to the fact that information that is prescribed by the RAO Regulations is available to members on request (see Guideline 8(c) of the Reporting Guidelines, which requires disclosure of the notice required by section 272(5) of the RAO Schedule).

Specifically, the GPFR is required to include a copy of subsections 272(1), (2) and (3) as follows:

**272 Information to be provided to members or Registrar**

*(1) A member of a reporting unit, or a Registrar, 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).*

*Note: This subsection is a civil penalty provision (see section 305).*

**Statement of Loans, Grants and Donations**

Page 6 itemises an operating expense for Donations of \$20,000. Our records do not, however, show that the organisation has lodged a Statement of Loans, Grants and Donations as required by section 237 of the RAO Schedule. Subsection (1) requires the Guild to lodge a Statement within 90 days of the end of the financial year (that is, by 31<sup>st</sup> March 2007) setting out the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 made during the financial year.

Should any of the amounts exceed the \$1,000 threshold, you are requested to lodge a Statement of Loans, Grants and Donations as soon as possible. A pro-forma statement is included as Attachment G for your assistance.

**STEPS THAT ARE NOW REQUIRED TO BE TAKEN**

The Guild is now required to prepare a GPFR for the year ended 31<sup>st</sup> December, 2006, which will require the following steps in order to meet the requirements of the RAO Schedule:

1. Prepare a new Profit and Loss Statement, Balance Sheet and Statement of Cash Flows (and accompanying Notes) for the year ended 31<sup>st</sup> December, 2006;
2. Prepare a Committee of Management statement in accordance with a Committee of Management resolution;
3. Have the above documents audited in accordance with the requirements of the RAO Schedule. Specifically, the audit report must be prepared under section 257 of the RAO Schedule and address the requirements of a GPFR prepared under section 253 of the RAO Schedule;
4. Prepare a new Operating Report for the year ended 31<sup>st</sup> December, 2006;
5. Provide copies of all of the above documents (including the Auditor's Report) to Guild members at least 21 days before a meeting of members (unless the documents are to be presented to a meeting of the Committee of Management);
6. Present all documents to a general meeting of members as required by section 266 of the RAO Schedule;
7. Within 14 days of the general meeting, lodge with the Australian Industrial Registry copies of all documents under cover of a Secretary's Certificate as discussed above; and
8. If necessary, also lodge a Statement of Loans, Grants and Donations.

The full text of the following documents can be viewed on the AIRC website at [www.airc.gov.au](http://www.airc.gov.au) – select *Organisations* and then select *Registration and Accountability*.

- WR Act;
- RAO Schedule
- RAO Regulations
- Reporting Guidelines issued by the Industrial Registrar

**Extracts from Schedule 1 of the Workplace Relations Act 1996  
- Registration and Accountability of Organisations (RAO Schedule)**

**252 Reporting unit to keep proper financial records**

(1) A reporting unit must:

- (a) keep such financial records as correctly record and explain the transactions and financial position of the reporting unit, including such records as are prescribed; and
- (b) keep its financial records in such a manner as will enable a general purpose financial report to be prepared from them under section 253; and
- (c) keep its financial records in such a manner as will enable the accounts of the reporting unit to be conveniently and properly audited under this Part.

(2) Where an organisation consists of 2 or more reporting units, the financial records for each of the reporting units must, as far as practicable, be kept in a consistent manner.

*Note 1: This would involve, for example, the adoption of consistent accounting policies and a common chart of accounts for all reporting units in the organisation.*

*Note 2: This requirement is subject to subsection (4) which allows reporting units to keep some records on a cash basis.*

(3) Financial records of an organisation may, so far as they relate to the income and expenditure of the organisation, be kept on a cash basis or accrual basis, at the option of the organisation.

(4) If an organisation keeps the financial records referred to in subsection (1) on an accrual basis, it may keep the financial records for its membership subscriptions separately on a cash basis.

(5) An organisation must retain the financial records kept under subsection (1) for a period of 7 years after the completion of the transactions to which they relate.

**253 Reporting unit to prepare general purpose financial report**

(1) As soon as practicable after the end of each financial year, a reporting unit must cause a general purpose financial report to be prepared, in accordance with the Australian Accounting Standards, from the financial records kept under subsection 252(1) in relation to the financial year.

(2) The general purpose financial report must consist of:

(a) financial statements containing:

- (i) a profit and loss statement, or other operating statement; and
- (ii) a balance sheet; and
- (iii) a statement of cash flows; and
- (iv) any other statements required by the Australian Accounting Standards; and

(b) notes to the financial statements containing:

- (i) notes required by the Australian Accounting Standards; and
- (ii) information required by the reporting guidelines (see section 255); and

(c) any other reports or statements required by the reporting guidelines (see section 255).

(3) The financial statements and notes for a financial year must give a true and fair view of the financial position and performance of the reporting unit. This subsection does not affect the obligation for a financial report to comply with the Australian Accounting Standards.

*Note 1: This section is a civil penalty provision (see section 305).*

*Note 2: The Australian Accounting Standards may be modified for the purposes of this Schedule by the regulations.*

*Note 3: If the financial statements and notes prepared in compliance with the Australian Accounting Standards would not give a true and fair view, additional information must be included in the notes to the financial statements under paragraph (2)(b).*

## **254 Reporting unit to prepare operating report**

(1) As soon as practicable after the end of each financial year, the committee of management of a reporting unit must cause an operating report to be prepared in relation to the financial year.

(2) The operating report must:

(a) contain a review of the reporting unit's principal activities during the year, the results of those activities and any significant changes in the nature of those activities during the year; and

(b) give details of any significant changes in the reporting unit's financial affairs during the year; and

(c) give details of the right of members to resign from the reporting unit under section 174; and

(d) give details (including details of the position held) of any officer or member of the reporting unit who is:

(i) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or

(ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme; and

where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation; and

(e) contain any other information that the reporting unit considers is relevant; and

(f) contain any prescribed information.

(3) To avoid doubt, the operating report may be prepared by the committee of management or a designated officer.

*Note: This section is a civil penalty provision (see section 305).*

## **Subdivision B—Reporting guidelines**

### **255 Reporting guidelines**

(1) The Industrial Registrar must, by written determination published in the *Gazette*, issue reporting guidelines for the purposes of sections 253 and 270.

(2) The reporting guidelines for the purposes of section 253 must provide:

(a) the manner in which reporting units must disclose the total amount paid by the reporting unit during a financial year to employers as consideration for the employers making payroll deductions of membership subscriptions; and

(b) the manner in which reporting units must disclose the total amount of legal costs and other expenses related to litigation or other legal matters paid by the reporting unit during a financial year; and

(c) details of any information required for the purposes of subparagraph 253(2)(b)(ii) (information in notes to general purpose financial reports); and

(d) the form and content of any reports or statements that are required for the purposes of paragraph 253(2)(c) (other reports or statements forming part of the general purpose financial reports).

(3) The reporting guidelines for the purposes of section 270 must provide:

(a) the manner in which reporting units must disclose the total amount paid by the reporting unit during a financial year to employers as consideration for the employers making payroll deductions of membership subscriptions; and

(b) details of the form and content of the general purpose financial report to be prepared under subsection 270(4).

(4) Reporting guidelines may also contain such other requirements in relation to the disclosure of information by reporting units as the Industrial Registrar considers appropriate.

(5) Section 147 of the Workplace Relations Act does not apply in relation to reporting guidelines or the issuing of reporting guidelines.

**Committee of Management Statement**

On *[date of meeting]* the Committee of Management of *[name of reporting unit]* passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended *[date]*: 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 Industrial Registrar;
- (c) the financial statements and notes give a true and fair view\* of 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 including the rules of a branch concerned; 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 RAO Schedule and the RAO Regulations; and
  - iv. # where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been\* kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
  - v. # the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been\* furnished to the member or Registrar; and
  - vi. # there has been\* compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

For Committee of Management: *[name of designated officer per section 243 of the RAO Schedule]*

Title of Office held:

Signature:

Date:

*\* Where compliance or full compliance has not been attained - set out details of non compliance instead.*

*# Where not relevant these may be modified accordingly (e.g. in (vi) "No orders have been made by the Commission under section 273 of the RAO Schedule during the period.")*

**Designated Officer's Certificate**<sup>1</sup>

s268 of Schedule 1 of the Workplace Relations Act 1996

I [name] being the [title of office]<sup>1</sup> of the [name of the organisation] certify:

- that the documents lodged herewith are copies of the full report [and the concise report]<sup>2</sup>, referred to in s268 of the RAO Schedule; and
- that the [full report **OR** concise report]<sup>3</sup> was provided to members on [insert date]; and
- that the full report was presented to [a general meeting of members **OR** the last of a series of general meetings of members **OR** a meeting of the committee of management]<sup>3</sup> of the reporting unit on [insert date]; in accordance with section 266 of the RAO Schedule.

Signature

Date:

<sup>1</sup>RAO regulation 162 prescribes the designated officer for the purpose of RAO schedule s268 as:

- (a) the secretary; or
- (b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

<sup>2</sup>Only applicable where a concise report is provided to members.

<sup>3</sup>Insert whichever is applicable.



**Extracts from Schedule 1 of the Workplace Relations Act 1996  
- Registration and Accountability of Organisations (RAO Schedule)**

**174 Resignation from membership**

(1) A member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.

*Note: The notice of resignation can be given electronically if the organisation's rules allow for this (see section 9 of the Electronic Transactions Act 1999).*

(2) A notice of resignation from membership of an organisation takes effect:

(a) where the member ceases to be eligible to become a member of the organisation:

(i) on the day on which the notice is received by the organisation; or

(ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

whichever is later; or

(b) in any other case:

(i) at the end of 2 weeks, or such shorter period as is specified in the rules of the organisation, after the notice is received by the organisation; or

(ii) on the day specified in the notice;

whichever is later.

(3) Any dues payable but not paid by a former member of an organisation, in relation to a period before the member's resignation from the organisation took effect, may be sued for and recovered in the name of the organisation, in a court of competent jurisdiction, as a debt due to the organisation.

(4) A notice delivered to the person mentioned in subsection (1) is taken to have been received by the organisation when it was delivered.

(5) A notice of resignation that has been received by the organisation is not invalid because it was not addressed and delivered in accordance with subsection (1).

(6) A resignation from membership of an organisation is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the organisation that the resignation has been accepted.

*Note: Regulations may require employers who offer payroll deduction facilities to inform employees that cessation of payroll deduction by an employee does not constitute resignation (see section 359).*

## XYZ INDUSTRIAL ASSOCIATION

# Operating Report for year ended 31<sup>st</sup> December 2006 - s254

## Principal activities

The **principal activities** of the Association during the reporting period were to provide industrial and organising services to the members consistent with the objects of the Association and particularly the object of protecting and improving the interests of the members. s254(2)(a)

The Associations' principal activities **resulted** in maintaining and improving the wages and conditions of employment of the membership, particularly for those members in collective enterprise agreements negotiated by the Association. s254(2)(a)

There were no **significant changes** in the nature of the Association's principal activities during the reporting period. s254(2)(a)

**OR details of significant changes** in the Association's **financial affairs** are [*insert details*]: s254(2)(b)

## Manner of resignation

**Members may resign from the Association in accordance with rule rule** [*insert rule number xx*], **which reads as follows:** s254(2)(c)

"xx A member may resign their membership by notifying the Secretary in writing, addressed and delivered to that officer.

A notice of resignation from membership takes effect

- (a) where the member ceases to be eligible to become a member of the organisation:
  - (i) on the day on which the notice is received by the organisation; or
  - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

whichever is later; or
- (b) in any other case:
  - (i) at the end of two weeks, after the notice is received by the organisation; or
  - (ii) on the day specified in the notice;

whichever is later.

Any dues payable but not paid by a former member of the organisation, in relation to a period before the member's resignation from the organisation took effect, may be sued for and recovered in the name of the organisation, in a court of competent jurisdiction, as a debt due to the organisation.

A notice delivered to the Secretary shall be taken to have been received by the organisation when it is delivered.

A notice of resignation that has been received by the organisation is not invalid because it was not addressed and delivered to the Secretary.

A resignation from membership is valid even if it is not effected in accordance with this Rule if the member is informed in writing by or on behalf of the organisation that the resignation has been accepted."

**Trustee or director of trustee company of superannuation entity or exempt public sector superannuation scheme s254(2)(d)**

The following officers of the Association held preserved positions in the following entities

Earnest Farr-Jones (Secretary) is a Trustee of the Able Superannuation Fund, by virtue of the deed of that Fund preserving one Trustee position for the serving Secretary of the Association.

Julia Makanka (Vice President) is a Director of EST Pty Ltd, a trustee company that is the trustee of SiksUPER, an exempt public sector superannuation scheme.

Pierre Cardigani is the staff elected representative on the ABC Board

**Number of members** RAO reg 159(a)

The number of persons who, at the end of the reporting period, were recorded on the Register of Members of the Association was **44,855**

**Number of employees** RAO reg 159(b)

The number of persons who were, at the end of the reporting period, employees of the Association was **23** (includes **4** part-time employees measured on a full time equivalent basis)

**Members of Committee of Management** RAO reg 159(c)

The persons who held office as members of the Committee of Management of the Association during the reporting period are:

- Brian Jones (President), resigned 11<sup>th</sup> November 2006 and replaced by John Smith, appointed 15<sup>th</sup> November 2006
- Julia Makanka (Vice President)
- Earnest Farr-Jones (Secretary)
- Angelo Nickaloe (Assistant Secretary)
- Dimitra Dochievski (Treasurer)
- Geraldine Flynn-O'Hanlon (Committee Member)
- David Truscott (Committee Member)
- Vincenzo Calabria (Committee Member)
- Thuie Nyugen (Committee Member)
- Khofi Ngobe (Committee Member)
- Pierre Cardigani (Committee Member)
- John Smith (Committee Member), appointed as President from 15<sup>th</sup> November 2006, replaced by Brigitte O'Malley.

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signed Earnest Farr-Jones (Secretary)

Date / /



# Statement of loans, grants and donations exceeding \$1,000 for financial year ending / /

Please refer to section 237 of the Registration and Accountability of Organisations Schedule (RAO Schedule) when completing this form. This statement when lodged in the Industrial Registry may only be viewed by a member of the organisation. Use of this form is optional.

## Organisation's details

### Name of organisation including division or branch

### Postal Address

Postcode

### Details of officer completing the statement

#### Name

#### Name of office held in organisation

(An officer of the organisation should complete the statement)

#### Postal Address

Postcode

#### Telephone number (BH)

#### Facsimile number

#### Email

I certify that the information contained in this statement and its attachments is true and complete.

#### Signature

#### Date

**An organisation must lodge this statement within 90 days of the end of its financial year.**

Enquiries and statements should be addressed to:

INDUSTRIAL REGISTRAR  
 AUSTRALIAN INDUSTRIAL REGISTRY  
 GPO BOX 1994  
 MELBOURNE VIC 3001  
 Tel: (03) 8661 7777  
 Fax: (03) 9654 0410  
 Email: riateam3@air.gov.au

*Australian Industry Registry***LOANS, GRANTS AND DONATIONS EXCEEDING \$1,000 MADE BY ORGANISATION**

(if insufficient space, please attach separate sheet)

**LOANS**

Name of Recipient of Loan	Address	Amount	Purpose for which loan required	Security given in relation to loan	Arrangements for repayment of loan

**Note:** where a loan is made to relieve a member or dependant of a member from severe financial hardship, the name and address and particulars of arrangements for repayment need not be stated.

**GRANTS**

Name of Recipient of Grant	Address	Amount	Purpose of Grant

**Note:** where a grant is made to relieve a member or dependant of a member from severe financial hardship, the name and address need not be stated

**DONATIONS**

Name of Recipient of Donation	Address	Amount	Purpose of Donation

**Note:** where a donation is made to relieve a member or dependant of a member from severe financial hardship, the name and address need not be stated.



ABN 75 134 664 816

## **The Showmen's Guild of Australasia**

● Guild House ● 4 Turner Avenue ● Yatala Q. 4207 ●

**26 February 2008**

**Our Ref: G160**

**Attention: Alisa Carruthers  
Australian Industry Registry  
GPO Box 1994  
MELBOURNE VIC 3001**

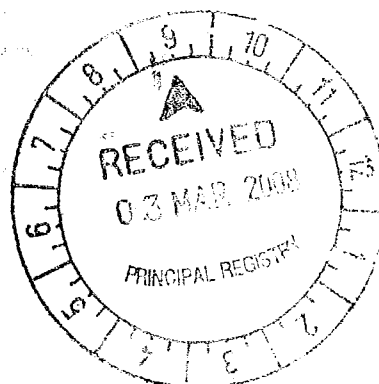
**Dear Alisa,**

**Please find enclosed the 2005 audited financials which was inadvertently filed away instead of being forwarded to AIRC for lodgement.**

**Please could the Registrar accept this original copy of the 2005 report with the relevant discrepancies since the 2006 and 2007 have been prepared and lodged in accordance with WR Act and RAO schedule**

**Yours sincerely,  
THE SHOWMENS GUILD OF AUSTRALASIA**

  
.....  
**John Davis  
Secretary**



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● P.O. Box 690 ● Beenleigh Q. 4207 ●  
● Telephone: (07) 3807 0011 ● Facsimile: (07) 3807 0730 ●

**The Showmen's Guild Of Australasia**

A.B.N. 75 134 664 816

Financial Statements

For the year ended 31 December 2005

Dickensons Accountants

54 Bryants Road

LOGANHOLME 4129

Phone: 07 3209 7700 Fax: 07 3209 7189

Email: [jgd@dickensons.com.au](mailto:jgd@dickensons.com.au)

**The Showmen's Guild Of Australasia**  
**A.B.N. 75 134 664 816**

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Independent Audit Report to the Members



# **The Showmen's Guild Of Australasia**

**A.B.N. 75 134 664 816**

## **Committee's Report**

**For the year ended 31 December 2005**

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Your committee members submit the financial accounts of the The Showmen's Guild Of Australasia for the financial year ended 31 December 2005.

### **Committee Members**

The names of committee members at the date of this report are:

N McGregor  
G Pink  
J Davis  
D Brown  
G Flaherty  
P Hennessy  
G Johnson  
W Wood  
S Blades  
T Baker  
W Davis  
B Pavier  
C Taylor  
E Verfurth III  
A Laurie  
R Miller  
T Nilon  
D Allan  
S Watkins  
C Pink  
F Laurie  
M Wood  
L Chambers  
J Roberts

### **Principal Activities**

The principal activities of the association during the financial year were: to support member and the community in relation to Exhibitions and Shows.

### **Significant Changes**

No significant change in the nature of these activities occurred during the year.

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**The Showmen's Guild Of Australasia**  
**A.B.N. 75 134 664 816**  
**Committee's Report**  
**For the year ended 31 December 2005**

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**Operating Result**

The profit from ordinary activities after providing for income tax amounted to

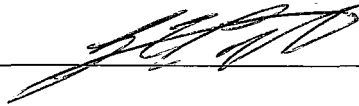
Year ended 31 December 2005	Year ended PrevYearEnd
\$ 360,116.44	\$ 134,821.00

Signed in accordance with a resolution of the Members of the Committee on :

J Davis



G Pink



# The Showmen's Guild Of Australasia

A.B.N. 75 134 664 816

## Trading Account

For the year ended 31 December 2005

	2005	2004
	\$	\$
<b>Trading Income</b>		
Bar Sales	230,842	318,262
Poker Machine	220,200	276,894
Keno	76,238	7,002
Restaurant Sales	85,183	-
<b>Total Trading Income</b>	<u>612,463</u>	<u>602,158</u>
<b>Cost of Sales</b>		
<b>Add:</b>		
Opening finished goods	13,850	13,850
Purchases	100,130	174,093
Poker Machine - Operating Costs	21,260	41,129
Poker Machine - Govt Levy & Tax	33,248	44,030
Restaurant Purchases	42,756	-
Keno	66,704	-
	<u>277,948</u>	<u>273,102</u>
<b>Less:</b>		
Closing finished goods	13,850	13,850
	<u>13,850</u>	<u>13,850</u>
<b>Cost of Sales</b>	<u>264,098</u>	<u>259,252</u>
<b>Gross Profit from Trading</b>	<u>348,365</u>	<u>342,906</u>

The accompanying notes form part of these financial statements.

# The Showmen's Guild Of Australasia

A.B.N. 75 134 664 816

## Income and Expenditure Statement

For the year ended 31 December 2005

	2005	2004
	\$	\$
<b>Income</b>		
Trading profit	348,365	342,906
Subscriptions	103,216	149,388
Employer First	-	1,761
Joining Fees	6,820	1,266
Citing & Fines	-	1,583
Ground Admin Fees	255,368	247,450
Reserve Fund	-	10,850
Special Projects	-	12,488
Vehicle & Gate Passes	7,785	7,816
Donations	3,738	-
Show Income	282,158	-
Canberra Benevolent Monies	5,273	-
Commissions received	887	-
Gross Receipts	3,225	3,573
Insurance recoveries	3,952	-
Interest received	323	324
Total income	<u>1,021,110</u>	<u>779,405</u>
<b>Expenses</b>		
Abnormal Expense	(50,129)	23,751
Accountancy	24,853	23,044
Advertising and promotion	18,055	19,548
Bank Fees And Charges	10,408	7,929
Borrowing Expenses	-	505
Cleaning/rubbish removal	15,844	25,413
Clubhouse Supplies	2,543	515
Computer Expenses	1,141	3,056
Consultants fees	29,459	-
Donations	1,810	-
Electricity	58,522	22,627
Entertainment	-	13,370
First Aid	3,500	-
Freight & Cartage	843	(53)

The accompanying notes form part of these financial statements.

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# The Showmen's Guild Of Australasia

A.B.N. 75 134 664 816

## Income and Expenditure Statement For the year ended 31 December 2005

	2005	2004
	\$	\$
Funerals & Flowers	333	987
Generator Deisel	20,757	-
Hire/rent of Plant & Equipment	20,120	15,302
Insurance	22,731	11,641
Interest - Australia	15,964	29,587
Jupiters Casino Payouts	-	134
Lease payments	19,166	5,668
Legal fees	6,870	127,451
Licenses & Fees	55	1,033
Meeting	2,912	4,630
Misappropriated Funds	39,298	-
M/V commercial - Depreciation	718	-
M/V commercial - Fuel & oil	2,328	-
M/V commercial - Reg/Insurance	576	-
Postage	1,706	1,962
Printing & stationery	23,310	9,399
Rates & land taxes	3,010	963
Rent on land & buildings	-	252
Repairs & maintenance	11,522	17,686
Security	9,364	3,237
Shows	121,689	5,475
Special Project Expense	-	3,361
Sponsorship	-	1,523
Staff amenities	5,246	-
Staff training	723	-
Subscriptions	1,672	8,509
Sundry expenses	3,436	4,526
Superannuation	14,197	15,565
Telephone	9,730	8,552
Travel, accom & conference	28,185	5,714
Wages	157,338	219,027
Workers Compensation	499	2,695
Water	692	-
Total expenses	660,994	644,584
<b>Profit from ordinary activities before income tax</b>	<b>360,116</b>	<b>134,821</b>

The accompanying notes form part of these financial statements.

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# The Showmen's Guild Of Australasia

A.B.N. 75 134 664 816

## Income and Expenditure Statement For the year ended 31 December 2005

	2005 \$	2004 \$
Income tax revenue relating to ordinary activities	-	-
<b>Net profit attributable to the association</b>	<b>360,116</b>	<b>134,821</b>
<b>Items recognised directly in equity:</b>		
Net increase in Asset Revaluation Reserve	119,606	-
<b>Total revenues, expenses and valuation adjustments attributable to the association and recognised directly in equity</b>	<b>119,606</b>	-
<b>Total changes in equity of the association</b>	<b>479,722</b>	<b>134,821</b>
Opening retained profits	632,647	497,826
Net profit attributable to the association	360,116	134,821
<b>Closing retained profits</b>	<b>992,763</b>	<b>632,647</b>

The accompanying notes form part of these financial statements.

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# The Showmen's Guild Of Australasia

A.B.N. 75 134 664 816

## Statement of Financial Performance

For the year ended 31 December 2005

	Note	2005 \$	2004 \$
Revenues from ordinary activities		1,285,208	1,038,657
Changes in inventories of:			
Raw materials and consumables used		(100,130)	(174,093)
Borrowing costs expense		(35,129)	(35,760)
Depreciation and amortisation expenses		(718)	-
Other expenses from ordinary activities		(789,114)	(693,983)
<b>Profit from ordinary activities before income tax</b>		<b>360,116</b>	<b>134,821</b>
		-	-
Income tax revenue relating to ordinary activities		-	-
<b>Net profit attributable to members of the association</b>		<b>360,116</b>	<b>134,821</b>
<b>Items recognised directly in equity:</b>			
Net increase in Asset Revaluation Reserve		119,606	-
<b>Total revenues, expenses and valuation adjustments attributable to members of the association and recognised directly in equity</b>		<b>119,606</b>	<b>-</b>
<b>Total changes in equity of the association</b>		<b>479,722</b>	<b>134,821</b>
Opening retained profits		632,647	497,826
Net profit attributable to members of the company		360,116	134,821
<b>Closing retained profits</b>		<b>992,763</b>	<b>632,647</b>

The accompanying notes form part of these financial statements.

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**The Showmen's Guild Of Australasia**  
**A.B.N. 75 134 664 816**  
**Statement of Financial Position As At 31 December 2005**

	Note	2005 \$	2004 \$
<b>Current Assets</b>			
Cash assets	2	261,254	62,031
Receivables	3	69,517	99,162
Inventories	4	13,850	13,850
Other		5,000	-
<b>Total Current Assets</b>		<b>349,620</b>	<b>175,043</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	5	1,777,472	1,650,039
<b>Total Non-Current Assets</b>		<b>1,777,472</b>	<b>1,650,039</b>
<b>Total Assets</b>		<b>2,127,092</b>	<b>1,825,082</b>
<b>Current Liabilities</b>			
Payables	6	58,529	55,122
Interest-bearing liabilities	7	43,231	72,261
Current tax liabilities	8	21,428	181,725
Provisions	9	1,390	10,980
<b>Total Current Liabilities</b>		<b>124,579</b>	<b>320,088</b>
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	7	229,974	212,177
<b>Total Non-Current Liabilities</b>		<b>229,974</b>	<b>212,177</b>
<b>Total Liabilities</b>		<b>354,553</b>	<b>532,265</b>
<b>Net Assets</b>		<b>1,772,539</b>	<b>1,292,817</b>
<b>Equity</b>			
Reserves		779,776	660,170
Retained profits		992,763	632,647
	Note	2005 \$	2004 \$
<b>Total Members' Funds</b>		<b>1,772,539</b>	<b>1,292,817</b>

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# The Showmen's Guild Of Australasia

A.B.N. 75 134 664 816

## Statement of Cash Flows

For the year ended 31 December 2005

	2005 \$	2004 \$
<b>Cash Flow From Operating Activities</b>		
Receipts from customers	1,303,804	970,301
Payments to Suppliers and employees	(1,067,004)	(996,639)
Interest received	323	324
Interest and other costs of finance	(35,129)	(35,760)
Net cash provided by (used in) operating activities (note 2)	<u>201,994</u>	<u>(61,774)</u>
<b>Cash Flow From Investing Activities</b>		
<b>Payment for:</b>		
Other Assets	-	3,581
Payments for property, plant and equipment	(8,545)	(85,395)
<b>Proceeds from disposal of:</b>		
Loans to shareholders	<u>10,726</u>	<u>88,275</u>
Net cash provided by (used in) investing activities	<u>2,181</u>	<u>6,461</u>
<b>Cash Flow From Financing Activities</b>		
Proceeds of borrowings	75,854	123,850
Repayment of borrowings	<u>(54,979)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>20,874</u>	<u>123,850</u>
Net increase (decrease) in cash held	225,049	68,537
Cash at the beginning of the year	<u>(2,027)</u>	<u>(70,564)</u>
Cash at the end of the year (note 1)	<u><u>223,022</u></u>	<u><u>(2,027)</u></u>

The accompanying notes form part of these financial statements.

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# The Showmen's Guild Of Australasia

A.B.N. 75 134 664 816

## Statement of Cash Flows

For the year ended 31 December 2005

2005

2004

### Note 1. Reconciliation Of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Guild - Cash At Bank	17,493	32,069
Guild - Overdraft	36,793	(14,775)
Guild - Special Account	3,715	-
Club - Cash at Bank	(40,519)	(49,283)
Club - Poker Machine Account	16,097	16,290
Club - ATM Account	2,630	4,226
Club - Keno Account	10,503	-
Guild - Legal Account	125,210	-
Guild - Members Account	44,699	-
Guild - Credit Card	(2,713)	-
Floats	-	8,846
Cash on Hand	-	600
Kitchen Cash Held	973	-
ATM Machine	3,140	-
Short term deposits	5,000	-
	<u>223,022</u>	<u>(2,027)</u>

The accompanying notes form part of these financial statements.

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**The Showmen's Guild Of Australasia**

**A.B.N. 75 134 664 816**

**Statement of Cash Flows**

**For the year ended 31 December 2005**

	2005	2004
<b>Note 2. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Net Profit</b>		
Operating profit (loss) after tax	360,116	134,821
Depreciation	718	-
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	18,919	(68,032)
Increase (decrease) in trade creditors and accruals	(20,793)	(321,268)
Increase (decrease) in other creditors	24,200	-
Increase (decrease) in lease liabilities	(11,280)	-
Increase (decrease) in employee entitlements	(9,590)	10,980
Increase (decrease) in sundry provisions	(160,297)	181,725
<b>Net cash provided by operating activities</b>	<b>201,994</b>	<b>(61,774)</b>

The accompanying notes form part of these financial statements.

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**The Showmen's Guild of Australasia**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2005**

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**Note 1: Statement of Significant Accounting Policies**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporations Act Victoria, Gaming Machine Act of Queensland and Workplace Relations Act 1996.

The financial report covers The Showmen's Club as an individual entity. The Showmen's Club is an association incorporated in Victoria under the Association Incorporations Act 1981.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

**Income tax**

No provision for income tax is necessary as the Club is exempted from income tax under Section 50-10 of the Income Taxation Assessment Act 1997 as amended.

**Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

**Property, Plant and Equipment**

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

a) Property

Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is a policy of The Showmen's Club to have an independent valuation every two years, with annual appraisals being made by the directors.

The revaluation of freehold land and buildings has not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

b) Plant and equipment

Plant & Equipment are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is a policy of The Showmen's Club to have an independent valuation every two years, with annual appraisals being made by the directors. Motor Vehicles are the only exception which are recognised on a cost basis.

c) Depreciation

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These notes should be read in conjunction with the attached compilation report.

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**The Showmen's Guild of Australasia**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2005**

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The depreciable amount of motor vehicle, is depreciated on a diminishing basis over their useful lives to The Showmen's Club commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Asset	Depreciation Rate %
Motor vehicles	22.50 %

### **Employee entitlements**

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Contributions are made by The Showmen's Club to an employee superannuation fund and are charged as expenses when incurred.

The Showmen's Club does not record, as an asset or a liability, the difference between the employer established defined benefit superannuation plan's accrued benefits and the net market value of the plans assets.

The Showmen's Club operates an ownership-based remuneration scheme, details of which are provided in the Notes to Accounts. Profits or losses incurred by employees, being the difference between the market value and the par value of the shares acquired, are not recorded as remuneration paid to employees.

### **Cash**

For the purpose of the statement of cash flows, cash includes cash on hand and in all call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

### **Comparative Figures**

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

**The Showmen's Guild of Australasia**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2005**

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**Information to be provided to members or Registrar**

- (1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation 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 organisation.
- (3) An organisation must comply with an application made under subsection (1).

**Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

**Impact of Adoption of Australian Equivalents to International Financial Reporting Standards**

The Association is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing 1 January 2005. The adoption of AIFRS will be reflected in the Association's financial statements for the year ending 31 December 2005. On first time adoption of AIFRS, comparatives for the financial year ended 31 December 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 01 January 2004

The Association's management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implementation. An AIFRS committee is overseeing and managing the Association's transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The committee members are of the opinion that the key material differences in the Association's accounting policies on conversion to AIFRS and the financial effect of these differences where known are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS, or interpretation of the AIFRS requirements changes due to the continuing work of the Association's AIFRS committee.

**The Showmen's Guild of Australasia**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2005**

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**Impairment of Assets**

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generate cash flows, which are largely independent of the cash inflows from other assets or group of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

# The Showmen's Guild Of Australasia

A.B.N. 75 134 664 816

## Notes to the Financial Statements For the year ended 31 December 2005

2005

2004

### Note 2: Cash assets

#### Bank accounts:

- Guild - Cash At Bank	17,493	32,069
- Guild - Overdraft	36,793	-
- Guild - Special Account	3,715	-
- Club - Poker Machine Account	16,097	16,290
- Club - ATM Account	2,630	4,226
- Club - Keno Account	10,503	-
- Guild - Legal Account	125,210	-
- Guild - Members Account	44,699	-

#### Other cash items:

- Floats	-	8,846
- Cash on Hand	-	600
- Kitchen Cash Held	973	-
- ATM Machine	3,140	-
	<u>261,254</u>	<u>62,031</u>

### Note 3: Receivables

#### Current

Trade debtors	79,517	98,436
Provision for doubtful debts	<u>(10,000)</u>	<u>(10,000)</u>
	69,517	88,436
Amounts receivable from:		
- Shareholders	-	10,726
	<u>69,517</u>	<u>99,162</u>

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# The Showmen's Guild Of Australasia

A.B.N. 75 134 664 816

## Notes to the Financial Statements

For the year ended 31 December 2005

	2005	2004
<b>Note 4: Inventories</b>		
<b>Current</b>		
Finished goods at cost	13,850	13,850
	<u>13,850</u>	<u>13,850</u>
<b>Note 5: Property, Plant and Equipment</b>		
Freehold land:		
- At independent valuation	700,000	609,000
	<u>700,000</u>	<u>609,000</u>
Buildings:		
- At cost	-	10,746
- At independent valuation	830,000	736,605
	<u>830,000</u>	<u>747,351</u>
Leasehold improvements:		
- At cost	-	191,362
- Less: Accumulated depreciation	-	(117,475)
	<u>-</u>	<u>73,887</u>
Plant and equipment:		
- At independent valuation	117,730	133,020
- Less: Accumulated depreciation	-	(29,460)
	<u>117,730</u>	<u>103,560</u>
Other plant and equipment:		
- At independent valuation	127,460	200,091
- Less: Accumulated depreciation	-	(86,850)
	<u>127,460</u>	<u>113,241</u>
Motor vehicles:		
- At cost	3,000	3,000
- Less: Accumulated depreciation	(718)	-
	<u>2,282</u>	<u>3,000</u>
	<u>1,777,472</u>	<u>1,650,039</u>

The Showmen's Guild Of Australasia

A.B.N. 75 134 664 816

Notes to the Financial Statements

For the year ended 31 December 2005

	2005	2004
<b>Note 6: Payables</b>		
Unsecured:		
- Trade creditors	34,329	55,122
	<u>34,329</u>	<u>55,122</u>
Secured:		
- Other creditors	24,200	-
	<u>24,200</u>	<u>-</u>
	<u><b>58,529</b></u>	<u><b>55,122</b></u>

**Note 7: Interest-Bearing Liabilities**

**Current**

**Unsecured:**

- Other loans	-	8,203
	<u>-</u>	<u>8,203</u>

**Secured\*:**

- Bank overdrafts	43,231	64,058
	<u>43,231</u>	<u>64,058</u>
	<u><b>43,231</b></u>	<u><b>72,261</b></u>

**Non-Current**

**Unsecured:**

- Bank loans	36,620	59,396
- Lease liabilities	-	11,280
- Loans from other persons	193,355	141,501
	<u>229,974</u>	<u>212,177</u>
	<u><b>229,974</b></u>	<u><b>212,177</b></u>

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# The Showmen's Guild Of Australasia

A.B.N. 75 134 664 816

## Notes to the Financial Statements

For the year ended 31 December 2005

	2005	2004
<b>* Total Current and Non-Current Secured Liabilities</b>		
Bank overdrafts	43,231	64,058
	<u>43,231</u>	<u>64,058</u>

### Note 8: Tax Liabilities

#### Current

GST payable control account	31,650	136,398
Input tax credit control account	(12,523)	(6,458)
Amounts withheld from salary and wages	2,301	51,785
	<u>21,428</u>	<u>181,725</u>

### Note 9: Provisions

#### Current

Employee entitlements*	1,390	10,980
	<u>1,390</u>	<u>10,980</u>

\* Aggregate employee entitlements liability

	1,390	10,980
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There were 12 employees at the end of the year

### Note 10: Economic Dependency

The Showmen's Guild of Australasia is economically dependent upon members financial support, particularly loans to the value of \$ 193, 355. Without this financial support the Going Concern Assumption could be jeopardised.

**The Showmen's Guild Of Australasia**

**A.B.N. 75 134 664 816**

**Statement by Members of the Committee**

**For the year ended 31 December 2005**

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In the opinion of the Committee the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows and Notes to the Financial Statements:

1. Presents fairly the financial position of The Showmen's Guild Of Australasia as at 31 December 2005 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that the association will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

\_\_\_\_\_  
J Davis  
Secretary

\_\_\_\_\_  
G Pink  
Treasurer

# The Showmen's Guild Of Australasia

A.B.N. 75 134 664 816

## Independent Audit Report to the Members

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### Scope

We have audited the financial report, being the Statement by Members of the Committee, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements of The Showmen's Guild Of Australasia for the financial year ended 31 December 2005.

The financial report includes the consolidated financial statements of the consolidated entity comprising the association and the entities it controlled at the year's end or from time to time during the financial year. The Committee is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the association's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### Qualifications

1. The opening balances could not be confirmed therefore no assurance is provided in relation to the comparative information. This qualification has occurred because insufficient evidence was available to confirm the accounting policies and account balances for the period ended 31 December 2004.
  2. A significant component of the Guild's income and expenses is of such a nature that full control of receipts and payments cannot be maintained until amounts are actually recorded through the accounts. As there are no practical audit procedures to quantify the effect of this, I am unable to confirm that all receipts and payments have been properly recorded.
  3. No closing stock value exists. This has occurred due poor internal controls and record keeping during the year. A physical stocktake occurred on 1 January 2006 which the Auditors attended. Due to a change in personel subsequent to the stocktake no complete records of the stocktake exists. The committee has adopted the same stock value as in the previous year to avoid inappropriate fluctuations in the profit. No assurance is provided in relation to the stock valuation or movement.
  4. During the year fraud occurred in relation to Poker Machine income. A employee of the Showmen's Club who held the position of [REDACTED] misappropriated \$19, 918.47 during the audit period. The fraud was not uncovered until January 2006. A further \$4, 745.66 was misappropriated subsequent to the audit period. The employee was dismissed. This fraud was possible due poor internal controls particularly no separation of duties and no monitoring of employees in relation to Poker Machine clearances.
  5. During the year fraud occurred in relation to Function & Bar Income. A employee of the Showmen's Club who held a senior position misappropriated \$7,166.45 during the audit period. The fraud was not uncovered until January 2006. The employee was dismissed. This fraud was possible due poor internal controls particularly no separation of duties and no monitoring of employees in relation to collection of income.
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# The Showmen's Guild Of Australasia

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## Independent Audit Report to the Members

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6. During the year fraud occurred in relation to Cash Floats. An employee of the Showmen's Club who held a senior position misappropriated \$12,213.50 during the audit period. The fraud was not uncovered until January 2006. The employee was dismissed. This fraud was possible due poor internal controls particularly no separation of duties and no monitoring of employees in relation to cash.

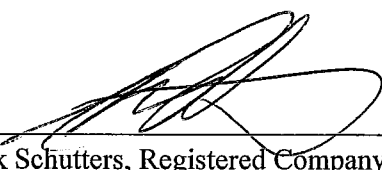
7. Abnormal Expenditure to the value of \$(50,129.00) has been records in the accounts of the Guild. This amount represents numerous transactions over the year which appear to cover a number of matters. The vast majority of this amount represent adjustments to reconcile the balance sheet, these adjustments were required due to poor record keeping and poor accounting practises.

8. Many of these qualifications have occurred due to poor internal controls and record keeping. It is the role of the executive committee to ensure such controls and procedures exist. The fraud that occurred during the audit period may have been avoidable if appropriate internal controls had been in place. It is the responsibility of the executive committee to ensure adequate record keeping is maintained including stock valuation. The committee did however seek additional external accounting and auditing services from this firm and others as they were not satisfied with the incumbent accountants and auditors. We will work with the committee to assist in the implementation of sufficient and appropriate internal controls to ensure the risk of misappropriation is minimised in the future.

### Qualified Audit opinion

In our opinion, except for the effects on the financial report of the matter referred to in the qualification paragraphs, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of The Showmen's Guild Of Australasia and the consolidated entity as at 31 December 2005, and the results of their operations and their cash flows for the year then ended.

Signed on :



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Mark Schutters, Registered Company Auditor

Dickensons Accountants

54 Bryants Road, LOGANHOLME QLD



**DICKENSONS**  
Certified Practising Accountants  
Tax Agents & Auditors

54 Bryants Road, Loganholme Qld 4129  
Postal Address:  
PO Box 3328, Loganholme Qld 4129

Telephone: (07) 3209 7700  
Facsimile: (07) 3209 7189  
email: jgd@dickensons.com.au

OUR REF: MS: JMCK  
13 April 2006

Executive Committee  
The Showmen's Guild of Australasia  
PO Box 690  
BEENLEIGH QLD 4207

Dear Committee,

We have completed the audit on the Showmen's Guild of Australasia for the year ended 31 December 2005.

During the audit we noted some areas that could be improved that would assist in the conduct of the audit, namely:

1. We request the Executive Committee contact our office directly within six weeks of the end of the financial year to organize the audit. This will ensure ample time to complete the audit engagement.
2. A reconciled Profit & loss account and Balance Sheet should be completed before the audit begins.
3. A full stocktake is required to be completed as soon as possible after yearend. Once the stocktake has been completed the stock management computer system needs to be reconciled to the physical stocktake
4. Avoid pre-signing cheques, as this practise provides the opportunity for fraud with few avenues of recourse.
5. Full written procedures must be established. These procedures should relate to all facets of the operations. In particular, procedures need to be established in relation to cash management. Once written all staff and volunteers need to be trained in these procedures. These procedures establish internal controls appropriate for the safe guarding of assets and recording of transactions.
6. We recommend that security be improved particularly in relation to cash. This should include using the drop safe and possibly installing video surveillance above areas where cash is handled, for example above the bar, poker machines and in the safe room.
7. We recommend that the Guild continue to use Wayne Boynton and have him visit on a monthly basis, to ensure that accounts are reconciled on a timely basis.
8. All bank accounts and loans must have statements, which are to be presented upon request.
9. We recommend that the association's constitution be reviewed to ensure it is still appropriate. The constitution should refer to the required procedures for record keeping and cash collection.

If you have queries please do not hesitate to contact my office.

Yours faithfully,

**DICKENSONS ACCOUNTANTS**  
Per: Mark Schutters