OCEAN SHORES COUNTRY CLUB LTD

A B N : 84 000 724 676

Financial Report For The Year Ended 30 June 2010

Ocean Shores Country Club Ltd

ABN: 84 000 724 676

Financial Report For The Year Ended30 June 2010

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OCEAN SHORES COUNTRY CLUB LTD
ABN: 84 000 724 676
DIRECTORS' REPORT

Your Directors present this report on the entity for the financial year ended 30 June 2010.

Directors
The names of each person who has been a Director during the year and to the date of this report are:

Peter Tornaros
Leslie Hoffman
Mervyn Brady
Ian Wingad
Anne Slater
Robert James
John l'Anson
Robert Baxter
Peter Moyle appointed (25/10/2009)
Marie Anders retired (25/10/2009)
John Thomas resigned (19/02/2010)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of entity Secretary at the end of the financial year:

Mr Andrew Spice was appointed as the Company Secretary in May 2007 and held the position of the Company Secretary at the end of the financial year.

Principal Activities

The principal activities of the entity during the financial year were the provision of social and sporting facilities and those of a registered club.

No significant changes in the nature of the entity's activity occurred during the financial year.

Operating Results

The profit of the entity amounted to $67,762 (2009: $76,542).

Review of Operations

A detailed review of the Company's operations and the results of those operations are detailed in the Treasurer's report.

Financial Position

The Club's total member's equity has increased from $2,331,808 June 2009 to $2,399,570 June 2010. The total cash at bank figure as the 30 June 2010 has increased to $1,111,839 compared to $961,295, as at the 30 June 2009 representing an increase of $150,544.

The Clubs strong financial position has enabled the Company to continue to operate with no borrowings and to increase its working capital ratio. The Company's working capital, being current assets less current liabilities, has improved from $769,764 in 2009 to $843,330 in 2010.

The Directors believe the entity is in a strong and stable financial position to expand and grow our current operations.

Significant Changes in State of Affairs

No significant changes in the entity's state of affairs occurred during the financial year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significant affect the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Future Developments

To further improve the entity's profit and maximise its equity position, the following developments are intended to be implemented in the near future:

The Board of Directors are in the final stages of completing a Master Plan for future club house development with Architect Tony Legge. The Master Plan will be staged and completed as funds are available. A development application will be lodged in the near future to undertake stage 1 of the Master Plan.

The Board of Directors have approved an Irrigation Master Plan that will be completed in stages as funding permits. Tenders for implementation and commission of stage 1 are currently being called for.

The development of two blocks of land adjacent to the 9th green will commence once the appropriate plans and agreements between Byron Shire Council and the Club are finalised. This land will then be suitable for sale for the purpose of raising funds if required.

Environmental Issues

The entity's operations are subject to significant environmental regulation under the laws of the Commonwealth or of the State of NSW. Directors advise that in their opinion there are no environmental issues currently existing which have affected or may affect the Company's operation.

Core – Non Core Property as required under Section 41J of The Registered Club's Act

Core property is

- **(a)** the defined premises of the club, or
- **(b)** any facility provided by the club for use of its members and their guests' or
- **(c)** any other property declared, by resolution passed by a majority of the members present at a general meeting of the ordinary members of the club, to be core property of the Club.

Non-core property is defined as meaning any real property owned or occupied by the Club that is not core property.

The Board of Directors consider our Core Property being the Club House and Golf Course including Practice Facilities, Motorised Cart Shed, Pro Shop, Halfway House and Maintenance Workshop. The Directors do not consider the Club to have Non-Core Property.

Information on Directors

Peter Tornaros	—	Chairman
Qualifications	—	Retired Public Servant / Business Owner
Experience	—	6 years 9 months
Special Responsibilities	—	Ex-officio all Committees
Leslie Hoffman	—	Vice Chairman
Qualifications	—	Retired Journalist/Editor Daily Telegraph
Experience	—	3 years 9 months
Special Responsibilities	—	Chairman House Committee, Finance Committee
Robert Baxter	—	Director
Qualifications	—	Retired Real Estate Agent
Experience	—	1 year 8 months
Special Responsibilities	—	Greens Committee

Mervyn Brady	—	Treasurer/Director
Qualifications	—	Retired TV Technician & Business Owner
Experience	—	8 years 9 months
Special Responsibilities	—	Chairman Finance Committee, Lands Committee
Robert James	—	Bowls Representative
Qualifications	—	Retired Deputy Principal
Experience	—	3 years 7 months
Special Responsibilities	—	Chairman Bowls Greens Committee, Finance Committee
John l'Anson	—	Director
Qualifications	—	Retired Transport Contractor
Experience	—	5 years 8 months
Special Responsibilities	—	House & Bowls Greens Committee
Peter Moyle	—	Golf Representative
Qualifications	—	Self employed Tiler
Experience	—	8 months
Special Responsibilities	—	Chairman Greens Golf Committee
Anne Slater	—	Director
Qualifications	—	Retired Banker/Small Business Owner
Experience	—	2 years and 9 months
Special Responsibilities	—	Chairperson Lands Committee, House committee
Ian Wingad	—	Director
Qualifications	—	Retired Business Owner
Experience	—	6 years 9 months
Special Responsibilities	—	Lands & Golf Greens Committee
Marie Anders	—	Director (retired 25/10/2009)
Qualifications	—	Retired Hotel / Motel manager
Experience	—	1 year
Special Responsibilities	—	Bowls Greens Committee
John Thomas	—	Treasurer (resigned 19/2/10)
Qualifications	—	Retired Senior Education Officer
Experience	—	4 years 4 months
Special Responsibilities	—	Chairman - Finance Committee

Meetings of Directors

During the financial year, 12 Ordinary Board Meetings and 2 Special Board Meetings were held. Attendance by each Director were as follows:

	Directors' Meetings		Special Board Meetings	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Peter Tornaros	**12**	**12**	**2**	**2**
Leslie Hoffman	**12**	**12**	**2**	**2**
Robert Baxter	**12**	**11**	**2**	**1**
Mervyn Brady	**12**	**10**	**2**	**1**
Robert James	**12**	**11**	**2**	**2**
John l'Anson	**12**	**8**	**2**	**2**
Peter Moyle	**8**	**7**	**1**	**1**
Anne Slater	**12**	**12**	**2**	**2**
Ian Wingad	**12**	**11**	**2**	**2**
Marie Anders	**4**	**3**	**1**	**-**
John Thomas	**7**	**7**	**1**	**1**

Indemnifying Officers or Auditor

During or since the financial year the Company has paid premiums to insure each of the Directors named in the Directors Report and Mr Andrew Spice, Secretary Manager against liabilities for cost and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of an Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

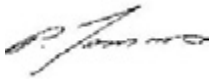
Proceedings on Behalf of the Entity

Ocean Shores Country Club Limited is not party to ongoing litigation at the date of this report.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on the page following the Directors' Report.

Signed in accordance with a resolution of the Board of Directors.



Director

Peter Tornaros

Dated this 17th day of September 2010

OCEAN SHORES COUNTRY CLUB LTD
ABN: 84 000 724 676
AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

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

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

Watson and Fenton Chartered Accountants

Name of FirmWatson & Fenton Chartered Accountants

B. D

Name of Partner **Barry Dunnett**

Date **16/09/2010**

Address **Suite 218 Level 2 Showcase on the Beach**
72-80 Marina Parade
Coolangatta QLD 4225

OCEAN SHORES COUNTRY CLUB LTD
ABN: 84 000 724 676
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 $	2009 $
Revenue	2	3,473,557	2,987,997
Other income	2	-	74,869
Employee benefits expense		(1,158,242)	(1,038,085)
Depreciation and amortization expense	3a	(193,921)	(191,998)
Changes in bar and pro-shop inventories		40,892	52,822
Purchases, wastage and freight costs		(733,719)	(595,972)
Other expenses	3b	(1,360,805)	(1,213,091)
Profit before income tax	3	67,762	76,542
Income tax expense		-	-
Profit for the year		67,762	76,542

The accompanying notes form part of these financial statements.

OCEAN SHORES COUNTRY CLUB LTD
ABN: 84 000 724 676
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 $	2009 $
Profit for the year		**67,762**	**76,542**
Other comprehensive income:			
Other comprehensive income for the year, net of tax			
Total comprehensive income for the year		**67,762**	**76,542**

The accompanying notes form part of these financial statements.

OCEAN SHORES COUNTRY CLUB LTD
ABN: 84 000 724 676
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 $	2009 $
ASSETS			
Current			
Cash and cash equivalents	4	1,209,510	1,047,063
Trade and other receivables	5	8,159	32,955
Inventories	6	129,451	89,020
Other assets	7	37,493	29,794
Total Current Assets		1,384,613	1,198,832
Non-current Assets			
Property, plant and equipment	8	1,573,030	1,562,043
Other assets		-	19,880
Total Non-current Assets		1,573,030	1,581,923
TOTAL ASSETS		2,957,643	2,780,755
LIABILITIES			
Current Liabilities			
Trade and other payables	9	436,228	353,309
Borrowings	10	8,760	-
Short term provisions	11	78,691	81,767
Total Current Liabilities		523,679	435,076
Non-current Liabilities			
Trade and other payables	9	-	2,396
Borrowings	10	16,790	-
Long term provisions	11	17,605	11,475
Total Non-current Liabilities		34,395	13,871
TOTAL LIABILITIES		558,074	448,947
NET ASSETS		2,399,569	2,331,808
EQUITY			
Retained earnings		2,370,517	2,302,756
Reserves		29,052	29,052
TOTAL EQUITY		2,399,569	2,331,808

The accompanying notes form part of these financial statements.

OCEAN SHORES COUNTRY CLUB LTD
ABN: 84 000 724 676
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Retained Earnings $	Asset Realisation Reserve $	Total $
Balance at 1 July 2008	2,226,213	29,052	2,255,265
Profit attributable to the entity	76,542	-	76,542
Balance at 30 June 2009	2,302,755	29,052	2,331,807
Profit attributable to the entity	67,762	-	67,762
Balance at 30 June 2010	2,370,517	29,052	2,399,569

For a description of each reserve, refer to Note 17.

OCEAN SHORES COUNTRY CLUB LTD
ABN: 84 000 724 676
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 $	2009 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		3,639,290	3,218,625
Payments to suppliers and employees		(3,318,090)	(3,164,550)
Interest received		30,406	46,161
Finance costs		(9,801)	(8,594)
Net cash provided by/(used in) operating activities	15(b)	341,805	91,642
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	23,455
Payment for property, plant and equipment		(204,908)	(283,133)
Net cash provided by/(used in) investing activities		(204,908)	(259,678)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of finance lease commitments		(730)	-
Increase in finance lease commitments		26,280	-
Net cash provided by/(used in) financing activities		25,550	-
Net increase/(decrease) in cash held		162,447	(168,036)
Cash and cash equivalents at the beginning of the financial year		1,047,063	1,215,099
Cash and cash equivalents at the end of the financial year	4	1,209,510	1,047,063

The financial statements are for Ocean Shores Country Club Ltd as an individual entity, incorporated and domiciled in Australia. Ocean Shores Country Club Ltd is a company limited by guarantee.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Revenue

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income on the balance sheet.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial rate financial assets is the rate inherent in the instrument.

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

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

Membership subscriptions are recognised as revenue in the year to which they relate. Membership subscriptions received in advance are deferred and are disclosed as a liability in the statement of financial position.

Gaming revenue is recognised when received.

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

(b) Inventories Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

(c) Property, Plant and Equipment
Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

Property

The entity has adopted the cost model as its accounting policy for property, plant and equipment.

Each class of property is carried at cost less where applicable accumulated depreciation and impairment losses.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued recognised at the fair value of the asset at the date it is acquired.

Plant and equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. 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 assets are: Class of

Fixed Asset	Depreciation Rate
Buildings	2.5-5%
Plant and equipment	10-34%
Leased plant and equipment	20%

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

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

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

(d) Leases

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

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as

(i) the amount at which the financial asset or financial liability is measured at initial recognition

(ii) less principal repayments

(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(iv) less any reduction for impairment.

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

(i) Loans and receivables

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

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

(ii) Held-to-maturity investments

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

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

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

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

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

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

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

Fair value

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

Impairment

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

Derecognition

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

(f) Impairment of Assets

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

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(g) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on

national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(h) Cash and Cash Equivalents

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

(i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian taxation office. In these circumstances the GST is recognised as part of the cost of acquisition of the assets or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(j) Income tax

Income Tax No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(k) Intangibles

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between 3 and 5 years. It is assessed annually for impairment.

(l) Provisions

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

(m) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year. When an entity applies an accounting policy retrospectively, makes a

retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

(n) Trade and Other Payables

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

(o) Critical accounting estimates and judgments

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(p) Economic Dependence

Ocean Shores Country Club Ltd is dependent on the members for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the members will not continue to support Ocean Shores Country Club Ltd.

(q) Adoption of New and Revised Accounting Standards

During the current year the company adopted the following new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Ocean Shores Country Club Ltd.

AASB 101 Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be

presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity. This has no impact on the entity

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of "other comprehensive income" which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(r) New Accounting Standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the company has decided not to early adopt. The adoption of the Standards and Interpretations is not deemed to have an impact on the financial statements of the Company.

(s) Special Interest Groups ("SIGs")

The revenue and expenditure as reported reflect the gross amounts derived by the respective SIGs in accordance with their individual profit and loss accounts. Internal transactions between Club Ltd and the SIGs have, for the benefit of reporting to members only, been included in the reported revenue and expenditure of the SIGs. Accordingly, the gross revenue and expenditure of the entity, as reported in the income statement, includes internal transactions between Club Ltd and the SIGs.

Note 2 Revenue and Other Income

	Note	2010 $	2009 $
Revenue from Government grants		17,180	17,180
Government grants			
Revenue from operating activities			
Bar (beverage)		1,058,159	927,474
Golf		747,522	726,367
Gaming		649,662	650,514
Pro-shop		442,720	129,700
Special Interest Groups (competition fees, sponsorships, etc)	18	210,794	198,376
Halfway House		152,255	145,278
Raffles		39,020	39,156
TAB & Keno commission		36,765	34,079
Other		89,074	73,712
		3,443,151	2,941,836
Other Revenue			
Interest received		30,406	46,161
		30,406	46,161
Total Revenue		3,473,557	2,987,997
Other Income			
Gain on disposal of property, plant and equipment		-	9,414
Compensation received for damages to grounds		-	65,455
Total Other Income		-	74,869
Total Revenue and Other Income		3,473,557	3,062,866

The entity assumed management of the pro shop during the course of the 2009 financial year. Previously, the pro shop was managed externally by the contracted golf professional.

Special Interest Groups ("SIGs") comprise: Men's Golf; Ladies Golf; Vets Golf; Men's Bowls and Ladies Bowls. Attention is drawn to note 18.

Note 3 Profit for the Year

	Note	2010 $	2009 $
Disclosable Expenses			
Dereciation and Amortisation			
Buildings		37,670	34,055
Plant and equipment		154,055	157,944
Leased assets		2,196	-
		193,921	191,999
Auditor Remuneration			
Audit services		12,890	10,750
Cost of sales			
Bar		467,667	413,870
Pro-shop		76,484	87,418
Halfway House		148,676	41,862
		692,827	543,150
(b) Other expenses			
Special Interest Group expenses (prizes and trophies, etc)	18	215,739	175,677
Repairs and Maintenance		152,206	193,498
Operating lease rentals		150,430	117,407
Competition fees paid by Club Ltd to the Special Interest	18	101,730	31,911
Employee on costs		92,367	76,524
Fertilisers, sand and chemicals		83,593	51,767
Electricity & gas		79,428	57,866
Raffle & members draw expenses		59,730	52,623
Insurance		36,843	32,255
Advertising & promotions		35,029	28,416
Fuel and other vehicle costs		32,800	27,684
Security		22,898	22,327
Members amenities		22,431	20,427
Printing and stationery		19,955	21,688
Mid week packages-lunches		19,876	14,475
Computer expenses		19,425	12,406
Affiliation fees		19,319	16,114
Rates		18,575	18,149
Central Monitoring expenses		15,275	14,847
TAB Sky television		14,309	14,427
Cleaning supplies		8,553	6,379
Entertainment		6,763	13,382
Legal expenses		5,630	19,038
Retainer Pro		-	24,184
Commission on green fees		-	25,850
Other operating expenses		127,901	123,770
		1,360,805	1,213,091

Attention is drawn to note 18.

In 2009 "other operating expenses" included certain expenses which have been grouped differently this year and the comparatives amended accordingly:
fuel and other costs include bus expenses this year (the comparative has been amended by $4,424); employee on-costs includes insurance workers comp this year (the comparative has been amended by $28,407); employee benefits expenses include superannuation cleaners (the comparative has been amended by $5,407).

Note 4 Cash and Cash Equivalents

	2010 $	2009 $
CURRENT		
Cash on hand	97,671	85,768
Cheque Account (Trading)	57,118	9,010
Cash Maximum Account	1,009,745	902,541
TAB Account	2,365	2,780
Keno Account	2,448	4,411
Cheque accounts (Special Interest Groups)	40,163	42,553
	1,209,510	1,047,063

Note 5 Trade and Other Receivables

	Note	2010 $	2009 $
Other receivables		8,159	32,955
Total current trade and other receivables	16	8,159	32,955

A provision for impairment in 2010 was not considered necessary by the Board.

Note 6 Inventories

	2010 $	2009 $
CURRENT		
At cost		
Beverage stock	35,014	32,983
Pro-shop stock	88,135	49,273
Golf course consumables	6,302	6,764
	129,451	89,020

Note 7 Other Assets

	2010 $	2009 $
CURRENT		
pre-payments	37, 493	29, 794
	37, 493	29, 794
NON-CURRENT		
pre-payments	-	19,980
	-	19,980

Note 8 Property, Plant and Equipment

	2010 $	2009 $
LAND AND BUILDINGS		
At cost	408,418	408,418
Total Land	408,418	408,418
Buildings:		
At cost	1,132,377	
Less accumulated depreciation	(435,963)	(398,293)
Total buildings	696,414	679,493
Total land and buildings	1,104,832	1,087,911

PLANT AND EQUIPMENT	2010	2009
Plant and equipment	$	$
At cost	2,365,145	2,306,082
Less accumulated depreciation	(1,934,894)	(1,831,950)
	430,251	474,132
Leased assets		
Capitalised leased assets	26,280	-
Less accumulated depreciation	(2,196)	-
	24,084	-
Total plant and equipment	454,335	474,132
CAPITAL WORKS IN PROGRESS		
At cost	13,863	-
Total property, plant and equipment and capital works in progress	1,573,030	1,562,043

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Plant and Equipment	Leased Assets	Capital Works in Progress	Total
	$	$	$	$	$	$
2009						
Balance at the beginning of	408,418	633,748	442,784	-	-	1,484,950
Additions at cost	-	79,800	203,333	-	-	283,133
Disposals	-	-	(14,041)	-	-	(14,041)
Depreciation expense	-	(34,055)	(157,944)	-	-	(191,999)
Carrying amount at end of	408,418	679,493	474,132	-	-	1,562,043
2010						
Balance at the beginning of	408,418	679,493	474,132	-	-	1,562,043
Additions at cost	-	54,591	110,174	26,280	13,863	204,908
Depreciation expense	-	(37,670)	(154,055)	(2,196)	-	(193,921)
Carrying amount at end of	408,418	696,414	430,251	24,084	13,863	1,573,030

Note 9 Trade and Other Payables

	Note	2010 $	2009 $
CURRENT			
Trade payables		70,310	55,182
Deferred income		236,965	202,254
Accrued expenses		50,975	64,517
GST payable		45,583	17,774
Golf points accrued		32,395	13,582
	9(a)	436,228	353,309
NON-CURRENT			
Deferred income		-	2,396
		-	2,396

		2010 $	2009 $
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total Current		436,228	353,309
— Total Non-Current		-	2,396
		436,228	355,705
Less deferred income		(236,965)	(202,254)
Financial liabilities as trade and other payables	16	199,263	153,451

Note 10 Borrowings

	Note	2010 $	2009 $
CURRENT			
Lease liabilities	12	8,760	
		8,760	
NON-CURRENT			
Lease liabilities	12	16,790	
		16,790	
TOTAL BORROWINGS	16	25,550	

Lease liabilities are secured by the underlying leased assets.

Note 11 Provisions

CURRENT	2010 $	2009 $
Short-term Employee Benefits		
Opening balance at 1 July 2009	81,767	86,114
Additional provisions raised/(reversed)	1,281	7,052
Amounts used	(4,357)	(11,399)
Balance at 30 June 2010	78,691	81,767

NON-CURRENT		
Long-term Employee Benefits		
Opening balance at 1 July 2009	11,475	33,860
Additional provisions raised during year	6,130	6,297
Amounts used	-	(28,682)
Balance at 30 June 2010	17,605	11,475

Analysis of Total Provisions	2010 $	2009 $
Current	78,691	81,767
Non-current	17,605	11,475
	96,296	93,242

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Note 12 Capital and Leasing Commitments

(a)Finance Lease Commitments Payable – minimum lease payments

	2010 $	2009 $
— not later than 12 months	8,760	
— later than 12 months but not later than 5 years	16,789	
Minimum lease payments	25,549	-
Less future finance charges		
Present value of minimum lease payments	25,549	-

The poker machine lease commitment is a non-cancellable finance lease contracted for with a three year term.

(b)Operating Lease Commitments

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

	2010	2009
Payable – minimum lease payments	$	$
— not later than 12 months	123,268	129,285
— later than 12 months but not later than 5 years	90,379	213,647
	213,647	342,932

The entity has rental agreements in place for use of golf course plant and equipment. The duration of the agreements is 48 months, whereupon it is the Board's intention at this stage, to return the equipment to the lessor.

Note 13 Events After the Reporting Period

The financial report was authorised for issue on 17 September 2010 by the Board of Directors.

Note 14 Key Management Personnel Compensation

	Short-term benefits	Post employment benefits	Other long-term	Total
2010	$	$	$	$
Total compensation	144,161	12,975	-	157,136
2009				
Total compensation	136,978	11,356	12,186	160,520

Note 15 Cash Flow Information

	Note	2010 $	2009 $
(a) Reconciliation of cash			
Cash at bank		1,111,839	961,295
Other cash		97,671	85,768
	4	1,209,510	1,047,063
(b) Reconciliation of cash flow from operations with profit after income tax			
Profit after income tax		67,762	76,542
Non cash flows			
Depreciation and amortisation		193,921	191,998
Profit on sale of property, plant and equipment		-	(9,414)
Change in assets and liabilities			
(Increase)/decrease in trade and other receivables		25,622	(27,679)
Increase/(decrease) in trade and other payables		81,409	(84,622)
Increase/(decrease) in provisions		3,054	(26,732)
(Increase)/decrease in inventories		(40,431)	(52,822)
(Increase)/decrease in prepayments		10,468	24,371
		341,805	91,642
(c) Credit Standby Arrangements			
Leasing		100,000	100,000
Amount utilised			
Amount unused		100,000	100,000

Note 16 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, accounts receivable and payable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2010 $	2009 $
Financial Assets			
Cash and cash equivalents	4	1,209,510	1,047,063
Loans and receivables	5	8,159	32,955
Total Financial Assets		1,217,669	1,080,018
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	9(a)	199,263	153,451
— Borrowings	10	25,550	-
Total Financial Liabilities		224,813	153,451

Financial Risk Management Policies

Consisting of senior committee members, the finance committee's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include future cash flow requirements.

Specific Financial Risk Exposures and Management

The entity does not consider itself exposed to credit risk as it is not in the business of selling on credit.

The entity does not consider itself exposed to price risk due to the nature of its sales and purchases and the industry it is in.

The entity has some exposure to market risk (namely interest rate risk). The potential effect on the entities profit position is disclosed in the sensitivity analysis below.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Finance lease	8,760	-	16, 789	-	-	-	25, 549	-
Trade and other payables (excl. est. Annual leave And deferred income)	199, 263	153, 451	-	-	-	-	199, 263	153, 451
Total expected outflows	208,023	153, 451	16, 789	-	-	-	224,812	153, 451
Financial assets- Cash flow realisable								
Cash flow and cash equivalents	1,209,510	1,047,063	-	-	-	-	1,209,510	1,047,063
Trade, standalone's receivables	8,159	32,954	-	-	-	-	8,159	32,954
Total anticipated inflows	1,217,669	1,080,017	-	-	-	-	1,217,669	1,080,017
Net (outflow)/inflow on financial instruments	1,009,646	926,566	(16789)	-	-	-	992,857	926,566

c. Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

Sensitivity Analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Year ended 30 June 2010	Profit $	Equity $
+/- 1% in interest rates	10,100	10,100

Year ended 30 June 2009	Profit $	Equity $
+/- 1% in interest rates	9,025	9,025

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Company. Most of these instruments which are carried at amortised cost (i.e. trade receivables, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the company.

		2010		2009	
	Footnote	Net Carrying Value $	Net Fair Value $	Net Carrying Value $	Net Fair Value $
Financial assets					
Cash and cash equivalents	(i)	1,209,510	1,209,510	1,047,063	1,047,063
Trade and other receivables	(i)	8,159	8,159	32,954	32,954
Total financial assets		1,217,669	1,217,669	1,080,017	1,080,017
Financial liabilities					
Trade and other payables	(i)	199,263	199,263	153,451	153,451
Lease liability		25,549	25,549	-	-
Total financial liabilities		224,812	224,812	153,451	153,451

The fair values disclosed in the above table have been determined based on the following methodologies:

(h) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

Note 17 Reserves

a. Realisation reserve

The realisation reserve records the net realisation surplus derived.

Note 18 Special Interest Groups ("SIGs")

The results achieved by each Special Interest Group is as follows

	Note	Men's Golf	Ladies Golf	2010 Vet's Golf	Men's Bowls	Ladies Bowls	Total
Revenue	2	83,799	38,657	24,166	34,135	30,037	210,794
Less : expenditure	3b	89,065	40,842	24,049	32,663	29,120	215,739
Net income / (deficit)		(5,266)	(2,185)	117	1,472	917	(4,945)

	Note	Men's Golf	Ladies Golf	2009 Vet's Golf	Men's Bowls	Ladies Bowls	Total
Revenue	2	75,641	49,551	19,600	30,061	23,523	198,376
Less : expenditure	3b	62,941	40,298	20,545	28,779	23,114	175,677
Net income / (deficit)		12,700	9,253	(945)	1,282	409	22,699

The revenue and expenditure as reported above reflect the gross amounts derived by the respective SIGs in accordance with their individual profit and loss accounts. Internal transactions between Club Ltd and the SIGs have, for the benefit of reporting to members, been included in the revenue and expenditure of the SIGs above. Accordingly, the gross revenue and expenditure of the entity per note 2 and 3 includes internal transactions between Club Ltd and the SIGs. The overall effect on the entity's gross revenue and expenditure is not considered material, however.

In 2010, the SIGs derived competition fee income of $101,730. These fees are included in the respective revenues of the individual SIG's above. Club Ltd's expense, referred to as "competition fees paid to the SIGs", is disclosed per note 3b.

In 2010, Men's Golf and Ladies Golf made donations to Club Ltd of $10,000 and $1,068 respectively. These amounts are included in the gross expenditure of the respective SIG's above. The receipt of such donations are included in Club Ltd's golf revenue per note 2.

Although there is no change in either the net result of the respective SIG's, or the entity's as previously reported, the comparatives have been restated as internal transactions were not included in last year's financial statements. The overall effect on the entity's gross revenue and expenditure is not considered material.

Note 19 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $1 each towards meeting any outstandings and obligations of the entity. At 30 June 2010 the number of members was 2636.

Note 20 Entity Details

The registered office of the entity is:
Ocean Shores Country Club Ltd
Orana Road
Ocean Shores NSW 2483

The principal place of business is:
Ocean Shores Country Club Ltd
Orana Road
Ocean Shores NSW 2483

OCEAN SHORES COUNTRY CLUB LTD
ABN: 84 000 724 676
DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001:

(a) comply with Australian Accounting Standards; and

(b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the entity.

2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to
pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Directo

Peter Tornaros

Dated this 17th day of September 2010

OCEAN SHORES COUNTRY CLUB LTD
ABN: 84 000 724 676
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OCEAN SHORES COUNTRY CLUB LTD

We have audited the accompanying financial statements of Ocean Shores Country Club Ltd, which comprises the statement of financial position as at 30 June 2010, the income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

The Responsibility of the Directors for the Financial Statements
The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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

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

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Ocean Shores Country Club Ltd on 16 September 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Ocean Shores Country Club Ltd as at 30 June 2010, and its financial performance and cash flows for the year then ended in accordance with the Corporations Act 2001 and the Australian Accounting Standards (including Australian Accounting Interpretations).

Watson and Fenton Chartered Accountants

Name of Firm: **Watson & Fenton Chartered Accountants**

Address: Suite 218 Level 2 Showcase on the Beach

B. D

Name of Partner: **Barry Dunnett**
72-80 Marine Parade
Coolangatta QLD 4225

Dated this 18th day of September 2010