

MAROUBRA SEALS

Sports & Community Club Limited



(A Company Limited by Guarantee)

A.B.N. 91 000 396 663



49th Annual Report

For period ended 30th June 2011

Maroubra Seals Sports & Community Club Ltd

Board of Directors 2010–2011



ALAN LANGFORD
President



BRIAN PURDON
Vice President



DAVID POPPLEWELL
Vice President



TOM SYMONDS
Hon. Secretary



BRETT RUGLESS
Treasurer



KEN PATERSON
Director



JOHN SHAW
Director



MARJAN VULETIC
Director



BRIAN WILLIAMSON
Director

Notice to Members
50th Annual General Meeting
Maroubra Seals
Sports & Community Club Ltd



(A Company Limited by Guarantee)
A.B.N. 91 000 396 663

Notice is hereby given that the Fiftieth Annual General Meeting
will be held at the Club 204-230 Marine Parade, Maroubra
on Wednesday, 23rd November 2011 at 7.45pm

AGENDA

1. Apologies
2. Confirmation of Minutes of the 49th Annual General Meeting
3. Correspondence
4. Presentation and Adoption of the 49th Annual Report and Financial Statements
5. Declaration of results of Election of Office Bearers for ensuing year.
6. The Auditors, Bell Partners continue in office in accordance with the provision of Section 327 of the Corporations Act 2001
7. Resolutions of the Board of Directors:-
 - (a) That pursuant to the Registered Club's Act, the members hereby approve and agree to expenditure by the Club of amounts approved by the Board of Directors until the next Annual General Meeting of the Club for the following expenditure and benefits for Directors:
 1. The reasonable cost of a meal and/or beverage for each Director immediately before, during or immediately after a Board or Committee Meeting on the date of that meeting;
 2. The reasonable cost of a meal and/or beverage for Directors engaged in the provision of hospitality to dignitaries visiting the Club;
 3. The provision of clothing so that whilst on duty and on official occasions the Director can professionally represent the corporate image of the Club;
 4. The reimbursement of the cost of attending approved official functions to represent the Club.The members acknowledge that the benefits in paragraph (a) above are not available to members generally but only for those who are either Directors or officials of the Club.
 - (b) That pursuant to the Registered Clubs Act, the members hereby approve and agree to expenditure by the Club of amounts approved by the Board of Directors for the professional development and education of Directors until the next Annual General Meeting and including but not limited to:

1. The reasonable cost of Directors attending seminars, lectures, trade displays and other similar events as may be determined by the Board from time to time;
2. The reasonable cost of Directors attending other Registered Clubs and like facilities for the purpose of assessing their amenities and methods of operation, provided such attendances are approved by the Board as being necessary for the betterment of the Club;
3. The reasonable cost of Directors attending the Annual General Meetings of bodies such as ClubsNSW and the Club Managers' Association.

The members acknowledge that the benefits in paragraph (b) above are not available to members generally but only for those who are Directors of the Club.

Explanatory Note - the adoption of these Resolutions by members will confirm and meet the disclosure requirements of the *Registered Clubs Act*.

8. General Business as brought forward in conformity with the Articles of Association.

By order of the Board
TOM SYMONDS
 Hon. Secretary

Nominations for Office Bearers close 9th November 2011 at 5pm. A ballot for the Election of Office Bearers will be held at the Club premises, 204-230 Marine Parade, Maroubra on the following dates:-

| | | |
|-----------------|--------------------------------------|----------------------|
| Thursday | 17th November 2011 | 4.00pm-8.00pm |
| Friday | 18th November 2011 | 4.00pm-8.00pm |
| Saturday | 19th November 2011 | 4.00pm-8.00pm |
| Sunday | 20th November 2011 | 4.00pm-7.00pm |

Elected Honorary Life Members

BOB HARRON †
JOHN SHORE †
BILL LANGFORD †
JOHN MCCORMACK
BILL THRELFO †
PETER CHAPMAN †
STAN BAKER †
JOHN DYNAN †

WARREN BOS
ALAN LANGFORD
TOM SYMONDS
KEN PATERSON
DAVID POPPLEWELL
BRIAN PURDON
JOHN SHAW

† Deceased

President's Report

On behalf of the Board of Directors of the Maroubra Seals Sports and Community Club Limited I present the Annual Report for the year ended 30 June 2011.

Pre-commitment. This is what we are seeing and hearing all the time in the media. It means that every person in Australia who wishes to play a gaming machine would have to either voluntarily or mandatorily commit themselves to a specific amount that they are prepared to spend in a given period. If Andrew Wilkie forces Prime Minister Julia Gillard to introduce his proposed gaming legislation the pre-commitment would be mandatory. The technology for such “big brother” monitoring and control would we are told, cost in excess of \$3 billion.

After years of battering by the State Labor government, commencing with Michael Egan and Bob Carr, the new Liberal State government has committed to a period of legislative stability for clubs and pubs. This is good news. This state government is also opposed to mandatory pre-commitment and has stated that it will contest such legislation in the High Court. This is great news.

In the face of this doom and gloom the Seals Club has had a successful financial year due mainly to the continuing strong support of the members and I thank you for that support. The Seals Club is not a big club but it is very much a community club and we should all take pride in the large amount of support that we provide for our community through Club Grants (previously CDSE) and voluntary donations.

The Seals Board members have again given a lot of voluntary time serving the club this year and deserve high praise for their experience and commitment. The management team has again provided the expertise necessary to contain costs and increase profitability and I thank those team members for their continuing efforts. The staff members at the Seals are well known for their willingness and friendliness. We, the members are fortunate to have such great management and staff teams.

ALAN LANGFORD OAM
President

General Manager's Report

Dear Members,

I am pleased to advise that the financial result for 2010/2011 was a net operating profit before donations and income tax of \$1,545,230 an increase of 68.16% over last year and a club record.

In spite of the many challenges effecting the Club Industry, the Directors have continued to follow their five year plan with major expenditure on a new awning, gym equipment, poker machines and furniture throughout the club.

As indicated in the Treasurer's Report, the club continued to make donations of \$263,588 to surf life saving clubs, Seals intra clubs and thirty three community organisations in the Randwick municipality.

The strong financial result is a reflection on the hard work by Directors, Management and Staff who throughout the year ensured there was ongoing tight control on financial expenditure together with updating of existing promotions which have generated a substantial increase in income.

I would like to take this opportunity to thank the Board for their ongoing support, the commitment of our management team: Financial Controller - Steven Ong, General Manager's Secretary - Jan Murphy, Gaming Manager - Bud O'Bryan, Duty Managers - Matt Churchin, Dimi Kiriakopoulos, Steve Reeve and Alex Hunter and all staff members and of course our wonderful Caterers of over 26 years Franz and Julie Bruckback.

As I say each year, all our success is only achieved by the ongoing support by members of the club. It is you who make the club what it is today and remind you again that the property assets valued in excess of over \$30 million dollars belong to you the members.

PETER REDDING
General Manager

Treasurer's Report

My Fellow Members,

On behalf of the Board of Directors of the Maroubra Seals Sports and Community Club Limited, I submit to you the accompanying audited Financial Statements for the year ended 30th June 2011, for your adoption and approval.

Following confirmation by the Club's Auditors Bell Partners, I am pleased to report to you a before donations net operating profit of \$1,545,230 an increase of over 68% on our 09/10 result and a club record. This result reflects the strong financial position the club is currently in and is tantamount to the hard work by the Seals Board of Directors, Management and staff. Fixed assets at the end of the financial year were \$21,773,638 plus total current assets of \$9,724,908.

Bar Trading

Bar sales were steady with an increase of 3% to nearly \$1.3M resulting in a gross trading profit of \$698K. Prudent expense management resulted in a reduction in expenses by \$30K and a net trading profit of \$269K. A gross profit margin of 54%, though nearing OLG requirements, reluctantly means an inevitable price increase sometime in the new year.

Poker Machine Trading

Poker machine clearances increased by \$712K (8.9%) to \$8,706,126 on a total turnover of \$109,034,062 with a return to players of \$100,333,144 (92.02%) and an average return to the club of 7.98%.

NSW State Government poker machine duty increased over 10% to \$1.75M-reflecting the strong turnover, while poker machine GST increased to \$791K. New NSW Government poker machine duty rates, which came into force in September 2011, will effectively save the club approx \$160K which will help towards our bottom line in battling continual increases in costs.

In accordance with the Board's commitment to provide members and guests with the most up-to-date facilities, expenditure on new machines, conversions, furniture and fittings in the Casino area doubled to \$880K. The club also increased its poker machine promotions by 8% to \$457K, and continued with popular promotions such as the car giveaways.

Pool/Gym Trading

Pool/Gym income continued to grow up 6.4% to \$365K, again confirming the ongoing popularity of this facility. Expansion of the gym with additional equipment in August 2010 (\$25K) continued to make the area a drawcard, so much so that the Board recently approved expenditure of an additional \$24K on new strength and cardiovascular equipment.

Interest and Rental Income

As advised by our Auditors last year, interest written back from the 09/10 financial year was made up in 10/11 resulting in interest received growing over 150% to \$594K. The club currently has over \$8M in fixed term deposits with CBA earning 6% culminating in cash and cash equivalent assets at the end of the year of \$9,508,783.

As a result of purchasing the remaining units in 9 Fenton Ave, rental income grew to \$77K, resulting in a net profit of \$46K. Obviously this income stream will cease with the planned extension of the carpark.

Keno and TAB Trading

Keno trading continued to be strong with commissions up 13% to \$60K. TAB commissions continued to decrease despite the refurbishment of the area. TAB's throughout NSW have experienced downturns with indications that telephone and online home betting are having an impact. Both Keno and TAB facilities are provided for the benefit of members and need to be utilised more with better member and guest patronage.

Subscriptions

Memberships grew over 200 with the club now boasting 10,000 members indicating the facilities provided by the club are proving popular and continue to attract new members.

Commissions from vending machines and miscellaneous income were on par with previous years.

Administrative Expenditure

Overall expenditure increased by 4.3% to \$4.1M, slightly more than budget forecasts of 2%. Never-the-less General Manager, Mr Peter Redding, Financial Controller Mr Steven Ong and all our Management team should be commended on their management of the club's finances. Internal promotions increased by 26% to \$748K which was well and truly made up in light of our excellent result. It comes as no surprise that energy costs increased with expectations of a significant increase in electricity costs occurring when our current contract expires in 2013.

Donations and Grants

Due to our strong position, the club was able to increase its donations towards local community groups by 6.5% to \$264K including \$172K to Maroubra's Surf Life Saving Clubs. As part of Randwick City Councils CDSE scheme, the club also donated over \$47K to local non-profit community groups including Randwick District SLSA, Meals on Wheels, The Shack Youth Services, Randwick SES and others. All up over \$70K was donated to community organisations an outstanding achievement considering the club was established to provide funding for our local surf clubs.

Since the clubs inception, the following funding donations and grants have been made to local community groups:

| | |
|--|-------------|
| Maroubra and South Maroubra Surf Clubs: | \$3,423,723 |
| Local schools, hospitals, charities & sporting groups: | \$ 826,308 |
| Maroubra Seals Intra Clubs: | \$ 717,180 |
| TOTAL : | \$4,967,211 |

Property, Plant & Equipment

The Club carried out several expenditure works throughout the year including completing the outdoor terrace extension, installing a new front entrance awning (\$150K) and refurbishing the TAB area (\$23K). In light of spiralling utility costs, new exhaust fans and a Solartech heating system were installed for the pool (\$45K), along with a smart water metering system which monitors the 21,000 litres of water used daily throughout the club.

The Board also recently approved the installation of a voltage power optimiser (\$100K) which will reduce the club's electricity consumption by 11%. Kudos to my fellow Director Mr David Popplewell for spearheading many of the clubs energy saving initiatives and for implementing a environmentally friendly (sustainability) policy, which resulted in the club recently being nominated for a Green Globe 10 year Achievement award.

The club also purchased the remaining units in 9 Fenton Ave with eventual plans to extend the current carpark area pending Council approval. With this purchase the estimated total value of land and property owned by the Club as at 30th June 2011 is nearly \$19.2M.

Additional projects in the pipeline for 2012 include a new Casino bar (\$350K), a new front vertical neon display (\$70K) and a revamped and rejuvenated Reception area.

Conclusion

The Club is in a very strong financial position with no outstanding debts (beside trade creditors) and currently over \$9.5 million in available cash at its disposal for future growth. Total assets amount to nearly \$31.5M which I'm sure all members will agree is an outstanding result in the current economic climate. However despite our strong financial position, the Club industry remains exposed to the uncertainty that comes with a minority Federal Government. As many of you will be aware, as part of the deal with Tasmanian Independent MP Andrew Wilkie to stay in power, the Federal Labor Government plans to introduce mandatory pre-commitment technology on every gaming machine in the country. The technology, which has never been trialed or tested in Australia, requires any person who plays a poker machine to register for a licence which must then be inserted into the machine whenever they want to bet, even if only for a few dollars.

Clubs in the Kingsford Smith area alone will need to fork out millions to install the technology, estimated at \$25K per machine, which leading gambling experts believe will do nothing to help problem gamblers, but will have a devastating effect on club patronage by discouraging the average punter. The Maroubra Seals Club supports harm minimisation policies that work e.g. RSA and RCG initiatives, and recognises that problem gambling is an important issue and we will continue to support policies that will work and help problem gamblers. Mandatory pre-commitment will not!

The proposed legislation would also introduce a maximum daily ATM withdrawal limit of \$250 in all clubs with poker machines- a gross inconvenience to members who should have the right to access their own money when they want and in a safe secure environment.

The club industry state wide is experiencing major downturns and it is expected that over the next ten years the total number of clubs in NSW will be reduced from approximately 1,200 to 800. With the current global economic crisis, and a looming carbon tax, our industry is approaching a difficult period but rest assured your Board of Directors and Management are determined to face these challenges head on.

Congratulations and many thanks to my fellow Directors, our dedicated Management team, and all our hard working staff for your efforts throughout the year.

BRETT RUGLESS
Treasurer

Board of Directors Record of Meeting Attendance 2010-2011

| <u>BOARD MEMBERS</u> | <u>POSITION</u> | <u>FORMAL</u> | <u>APOLOGIES</u> |
|-----------------------------|------------------------|----------------------|-------------------------|
| ALAN LANGFORD | President | 16 | 1 |
| BRIAN PURDON | Vice President | 15 | 2 |
| DAVID POPPLEWELL | Vice President | 14 | 3 |
| TOM SYMONDS | Hon. Secretary | 17 | - |
| BRETT RUGLESS | Treasurer | 16 | 1 |
| KENNETH PATERSON | Director | 16 | 1 |
| JOHN SHAW | Director | 13 | 4 |
| MARJAN VULETIC | Director | 14 | 3 |
| BRIAN WILLIAMSON | Director | 15 | 2 |

In addition to the meetings as recorded above, Directors attended Executive Committee, Sports Council, Clubs NSW, CDSE & Liquor Accord Meetings & represented the Club at local Community & Sporting Club Presentations and School Functions.

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

(A Company Limited by Guarantee)

A.B.N. 91 000 396 663

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 2011

Your Directors submit the financial report of the Maroubra Seals Sports & Community Club Limited for the financial year ended at 30th June 2011.

DIRECTORS:

The names of the Directors throughout the year and at the date of this report are:

| <u>Name</u> | <u>Position</u> | <u>Occupation</u> | <u>Experience</u> |
|------------------|-----------------|-------------------|------------------------------|
| Alan Langford | | President | Retired 23 Years |
| David Popplewell | | Vice President | Building Consultant 19 Years |
| Brian Purdon | | Vice President | Retired 18 Years |
| Tom Symonds | | Hon. Secretary | Retired 23 Years |
| Brett Rugless | | Treasurer | Broadcast Engineer 10 Years |
| Kenneth Paterson | | Director | Retired 22 Years |
| John Shaw | | Director | Sales Manager 21 Years |
| Marjan Vuletic | | Director | Builder 5 Years |
| Brian Williamson | | Director | Manager 3 Years |

PRINCIPAL ACTIVITIES:

The principal activities of the company during the period was that of a licensed club. The Board of Directors does not foresee any material changes in the operational characteristics of the company in subsequent years.

MEMBERSHIP:

The Club was incorporated on the 13th June, 1962 as a Company limited by guarantee and, as such, does not have share capital.

| | <u>2011</u> | <u>2010</u> |
|---|---------------|--------------|
| The number of members at the date of this report are: | | |
| Elected Life Members | 8 | 9 |
| Life Foundation Members | 41 | 42 |
| Foundation Members | 18 | 21 |
| Honorary Members | 9 | 10 |
| Ordinary Members | 5,105 | 5,031 |
| Ordinary 25 Year Members | 343 | 328 |
| Senior Ordinary Members | <u>4,477</u> | <u>4,345</u> |
| TOTAL MEMBERS | <u>10,001</u> | <u>9,786</u> |

OPERATING RESULT:

The Net Profit of the company for the year amounted to \$1,223,424 (2010 Profit \$657,756)

The company is limited by guarantee and therefore its articles prohibit the declaration of any dividend and the issue of any shares or options.

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

(A Company Limited by Guarantee)

A.B.N. 91 000 396 663

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 2011

SIGNIFICANT CHANGES

No significant change in the company's state of affairs occurred during the financial year.

CHANGE IN AFFAIRS

Other than as disclosed at Note 15, no matters or circumstances have arisen since the end of the financial year that significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

Likely developments in the operations of the company and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds that such information would likely result in unreasonable prejudice to the company.

INDEMNIFYING OFFICERS:

The company has paid a premium of \$4,259 to insure the Directors of the company against liability for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the company, other than conduct involving a wilful breach of duty in relation to the company.

DIRECTORS' EMOLUMENTS:

Since the end of the previous year no Director has received or become entitled to receive a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts by reason of a contract made by the company or a related corporation with a firm of which he is a member or with a company in which he has a substantial interest.

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

ALAN LANGFORD

President

TOM SYMONDS

Hon. Secretary

Dated this 31st day of August, 2011.

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

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A.B.N. 91 000 396 663

INCOME STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2011

| | <u>Note</u> | <u>2011</u> \$ | <u>2010</u> \$ |
|---|-------------|-------------------------|-----------------------|
| Revenue from ordinary activities | 2 | 11,213,470 | 10,034,203 |
| Employee benefits expense | | (2,016,909) | (2,008,024) |
| Depreciation and amortisation expenses | | (1,425,558) | (1,419,038) |
| Bar expenses (excluding employee benefits expense) | | (669,280) | (673,815) |
| Poker machine expenses | | (3,812,252) | (3,434,019) |
| Donations | | (263,588) | (247,433) |
| Other expenses from ordinary activities | | <u>(1,744,241)</u> | <u>(1,580,401)</u> |
| Profit before income tax | | 1,281,642 | 671,473 |
| Income tax expense | | <u>(58,218)</u> | <u>(13,717)</u> |
| Profit from operations | | <u><u>1,223,424</u></u> | <u><u>657,756</u></u> |

The accompanying notes form part of these financial statements

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

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A.B.N. 91 000 396 663

BALANCE SHEET

AS AT 30TH JUNE 2011

| | Notes | 2011 \$ | 2010 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 9,508,783 | 9,550,800 |
| Trade and other receivables | 8 | 14,178 | 13,008 |
| Inventories | 9 | 56,842 | 44,817 |
| Other current assets | 10 | <u>145,105</u> | <u>119,073</u> |
| TOTAL CURRENT ASSETS | | <u>9,724,908</u> | <u>9,727,698</u> |
| NON CURRENT ASSETS | | | |
| Property plant & equipment | 11 | 21,773,638 | 20,415,446 |
| TOTAL NON CURRENT ASSETS | | <u>21,773,638</u> | <u>20,415,446</u> |
| TOTAL ASSETS | | <u>31,498,546</u> | <u>30,143,144</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | <u>626,311</u> | <u>511,196</u> |
| TOTAL CURRENT LIABILITIES | | <u>626,311</u> | <u>511,196</u> |
| NON CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | <u>230,878</u> | <u>214,015</u> |
| TOTAL NON CURRENT LIABILITIES | | <u>230,878</u> | <u>214,015</u> |
| TOTAL LIABILITIES | | <u>857,189</u> | <u>725,211</u> |
| NET ASSETS | | <u>30,641,357</u> | <u>29,417,933</u> |
| EQUITY | | | |
| Reserves | 13 | 10,554,453 | 10,554,453 |
| Retained earnings | | <u>20,086,904</u> | <u>18,863,480</u> |
| TOTAL EQUITY | | <u>30,641,357</u> | <u>29,417,933</u> |

The accompanying notes form part of these financial statements

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

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STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30TH JUNE 2011

| | <u>Retained</u> <u>Earnings</u> | <u>Asset</u> <u>Revaluation</u> <u>Reserve</u> | <u>Total</u> |
|--------------------------------|------------------------------------|--|-------------------|
| | \$ | \$ | \$ |
| Balance at 1 July 2009 | 18,205,724 | 8,510,965 | 26,716,689 |
| Profit attributable to members | 657,756 | - | 657,756 |
| Revaluation Increment | - | <u>2,043,488</u> | <u>2,043,488</u> |
| Balance at 30 June 2010 | 18,863,480 | 10,554,453 | 29,417,933 |
| Profit attributable to members | <u>1,223,424</u> | - | <u>1,223,424</u> |
| Balance at 30 June 2011 | <u>20,086,904</u> | <u>10,554,453</u> | <u>30,641,357</u> |

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2011

| | <u>Notes</u> | <u>2011</u> | <u>2010</u> |
|---|--------------|--------------------|--------------------|
| | | \$ | \$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 10,618,126 | 9,781,082 |
| Payments to suppliers and employees | | (8,416,403) | (8,069,569) |
| Interest received | | 593,982 | 234,432 |
| Income tax paid | | <u>(58,218)</u> | <u>(13,717)</u> |
| Net cash provided by operating activities | 17 | <u>2,737,487</u> | <u>1,932,228</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of property, plant & equipment | | 6,000 | 15,455 |
| Purchase of property, plant and equipment | | <u>(2,785,504)</u> | <u>(1,754,001)</u> |
| Net cash provided by (used in) investing activities | | <u>(2,779,504)</u> | <u>(1,738,546)</u> |
| Net increase in cash held | | (42,017) | 193,682 |
| Cash at beginning of year | | <u>9,550,800</u> | <u>9,357,118</u> |
| Cash at end of year | 7 | <u>9,508,783</u> | <u>9,550,800</u> |

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Maroubra Seals Sports & Community Club Limited as an individual entity.

The financial report of Maroubra Seals Sports & Community Club Limited as an individual entity complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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

Reporting Basis and Conventions

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

Accounting Policies

(a) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Non-member income of the company is only assessable for tax, as member income is excluded under the principle of mutuality.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value.

(c) Property, Plant and Equipment

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

The company's land and buildings were re-valued at 30 June 2010 by Mr P.J. Chuck, F.A.P.I. Registered Valuer No. 1740 of Peter Chuck (Valuations) Pty Ltd. The valuation provided segregated values for the land and building components. The valuation was made in accordance with a regular policy to revalue land and buildings every three years.

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. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a straight-line basis over their useful lives to the 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 | 5% |
| Plant and equipment | 7.5% - 40.0% |

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

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A.B.N. 91 000 396 663

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's 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 and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(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 company are classified as finance leases. There are no leases at balance date.

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

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

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

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 Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the company 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 income statement.

(f) Impairment of Assets

At each reporting date, the company 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 income statement.

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

(g) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. 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, plus related on-costs. 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.

(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.

(i) Revenue

Revenue from the sale of goods and services is recognised upon the delivery of goods and services to members and guests.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

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

(j) **Borrowing Costs**

There were no borrowing costs incurred during the reporting period.

(k) **Goods and Services Tax (GST)**

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

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

(l) **Comparative Figures**

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

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report 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.

Key Estimates - Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

NOTE 2 - REVENUE:

| | <u>2011</u> | <u>2010</u> |
|---|-------------------|-------------------|
| Operating activities | \$ | \$ |
| - Bar sales | 1,292,081 | 1,255,580 |
| - Poker machine clearances | 8,706,126 | 7,994,049 |
| - Keno commission | 60,291 | 53,323 |
| - TAB commission | 28,798 | 33,519 |
| - Pool/Gym | 364,652 | 342,765 |
| Other Revenue from non-operating activities | 761,522 | 354,967 |
| | <u>11,213,470</u> | <u>10,034,203</u> |

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

| | <u>2011</u> | <u>2010</u> |
|---|------------------|------------------|
| | \$ | \$ |
| NOTE 3 - PROFIT: | | |
| Operating Profit before income tax has been determined after:- | | |
| Crediting as income: | | |
| - Interest received | 593,982 | 234,432 |
| - Profit on disposal of assets | 4,246 | - |
| Charging as expenses: | | |
| - Depreciation - plant and equipment | 911,274 | 817,633 |
| - Depreciation - building | 514,284 | 601,405 |
| - Loss on Sale Non Current Assets | - | 119 |
| - Provision for employee entitlements | 90,771 | 88,246 |
| NOTE 4 - INCOME TAX EXPENSE: | | |
| Income Tax attributable to the company | Nil | Nil |
| The applicable weighted average effective tax rates are as follows: | 0% | 0% |
| NOTE 5 - KEY MANAGEMENT PERSONNEL COMPENSATION | | |
| Short Term Benefit | 497,277 | 439,459 |
| Post Employment Benefit | <u>143,094</u> | <u>133,643</u> |
| Total compensation | <u>640,371</u> | <u>573,102</u> |
| NOTE 6 - AUDITORS' REMUNERATION: | | |
| Remuneration of the auditor of the company for: | | |
| - auditing or reviewing the financial report | <u>28,000</u> | <u>28,000</u> |
| NOTE 7 - CASH AND CASH EQUIVALENTS:: | | |
| Reconciliation of cash | | |
| Cash at the end of financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows: | | |
| Cash in hand | 450,000 | 450,000 |
| Cash at bank | 968,323 | 739,008 |
| Term deposits | <u>8,090,460</u> | <u>8,361,792</u> |
| | <u>9,508,783</u> | <u>9,550,800</u> |

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

| | <u>2011</u> | <u>2010</u> |
|---|---------------------|---------------------|
| | \$ | \$ |
| NOTE 8 - TRADE AND OTHER RECEIVABLES: | | |
| CURRENT | | |
| Trade debtors | <u>14,178</u> | <u>13,008</u> |
| NOTE 9 - INVENTORIES: | | |
| CURRENT | | |
| Trading stock - at cost | <u>56,842</u> | <u>44,817</u> |
| NOTE 10 - TRADE AND OTHER RECEIVABLE AND OTHER CURRENT ASSETS: | | |
| OTHER CURRENT ASSETS | | |
| Prepayments | <u>145,105</u> | <u>119,073</u> |
| NOTE 11 - PROPERTY, PLANT & EQUIPMENT: | | |
| Freehold Land - at 2010 valuation | 10,514,000 | 10,514,000 |
| Buildings - at 2010 valuation | 7,586,000 | 7,586,000 |
| Club Premises & additions - at cost | <u>1,606,348</u> | <u>-</u> |
| | 19,706,348 | 18,100,000 |
| Less: accumulated depreciation | <u>(514,284)</u> | <u>-</u> |
| | <u>19,192,064</u> | <u>18,100,000</u> |
| Plant and Equipment - at cost: | | |
| Beer plant | 471,127 | 471,127 |
| Carpets | 733,947 | 733,947 |
| Computer | 146,698 | 139,527 |
| Furniture & fittings | 1,978,685 | 1,935,406 |
| Gym Equipment | 335,565 | 306,896 |
| Keno equipment | 12,020 | 12,020 |
| Motor vehicles | 54,384 | 54,384 |
| Office equipment | 107,330 | 107,330 |
| Plant and equipment | 3,758,098 | 3,537,981 |
| Poker machines | <u>5,698,390</u> | <u>5,124,415</u> |
| Total | 13,296,244 | 12,423,033 |
| Less: Accumulated depreciation | <u>(10,714,670)</u> | <u>(10,107,587)</u> |
| Total Plant and Equipment | <u>2,581,574</u> | <u>2,315,446</u> |
| Total | <u>21,773,638</u> | <u>20,415,446</u> |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

Movements in Carrying Amounts

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

| | Beer Plant | Carpets | Computers | Furniture & Fittings | Keno Equip't | Office Equip't | Plant & Equip't | Gym Equip't | Poker Machines | Motor Vehicles | Total |
|--|----------------------|----------------------|---------------------|-------------------------|---------------------|----------------------|-----------------------|-----------------------|-------------------------|----------------------|-------------------------|
| Balance at 1 July 2009 | 47,515 | 86,077 | 4,698 | 447,873 | 4,025 | 16,162 | 807,976 | - | 855,220 | 29,252 | 2,298,798 |
| Additions | - | - | 3,960 | 48,247 | - | 4,397 | 321,568 | 14,450 | 423,287 | 33,945 | 849,854 |
| Reallocation | - | - | - | - | - | - | (292,446) | 292,446 | - | - | - |
| Disposal | - | - | - | - | - | - | - | - | (294,411) | (46,670) | (341,081) |
| Accumulated depreciation written back | - | - | - | - | - | - | 135,782 | (135,782) | 294,411 | 31,097 | 325,508 |
| Depreciation expense | (9,503) | (34,430) | (2,927) | (109,385) | (962) | (3,700) | (173,595) | (33,472) | (438,622) | (11,037) | (817,633) |
| Balance at 30 June 2010 | <u>38,012</u> | <u>51,647</u> | <u>5,791</u> | <u>386,735</u> | <u>3,063</u> | <u>16,859</u> | <u>799,285</u> | <u>137,642</u> | <u>839,885</u> | <u>36,587</u> | <u>2,315,446</u> |
| Additions | - | - | 7,171 | 40,252 | - | - | 223,145 | 28,669 | 879,920 | - | 1,179,157 |
| Reallocation | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | (305,945) | - | (305,945) |
| Accumulated depreciation written back | - | - | - | - | - | - | - | - | 304,191 | - | 304,191 |
| Depreciation expense | (7,602) | (20,658) | (3,918) | (98,271) | (943) | (3,433) | (204,838) | (33,389) | (529,991) | (8,232) | (911,275) |
| Carrying amount at 30 June 2011 | <u><u>30,410</u></u> | <u><u>30,989</u></u> | <u><u>8,984</u></u> | <u><u>328,716</u></u> | <u><u>2,120</u></u> | <u><u>13,426</u></u> | <u><u>817,592</u></u> | <u><u>132,922</u></u> | <u><u>1,188,060</u></u> | <u><u>28,355</u></u> | <u><u>2,581,574</u></u> |

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

| | <u>2011</u> | <u>2010</u> |
|---|-------------------|-------------------|
| | \$ | \$ |
| NOTE 12 - TRADE AND OTHER PAYABLES: | | |
| CURRENT | | |
| Trade payables | 454,301 | 351,151 |
| Employee benefits | 100,714 | 92,803 |
| Subscriptions in advance | <u>71,296</u> | <u>67,242</u> |
| | <u>626,311</u> | <u>511,196</u> |
| NON-CURRENT | | |
| Employee benefits | <u>230,878</u> | <u>214,015</u> |
| NOTE 13 - RESERVES: | | |
| Asset Revaluation Reserve | | |
| Unrealised surplus on valuation of Land and Buildings - see Note 1 | <u>10,554,453</u> | <u>10,554,453</u> |

NOTE 14 - CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no significant contingent liabilities or contingent assets at balance date or reporting date.

NOTE 15 - EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Since the end of the financial year, there has been no matter or circumstances not otherwise dealt with in the report or accounts that have significantly or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

NOTE 16 - RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

| | <u>2011</u> | <u>2010</u> |
|--|------------------|------------------|
| | \$ | \$ |
| NOTE 17 - CASH FLOW INFORMATION | | |
| Reconciliation of Cash Flow from Operations with Profit after Income Tax: | | |
| Profit after Income Tax | 1,223,424 | 657,756 |
| Cash flows excluded from profit attributable to operating activities | | |
| Non-cash flows in profit | | |
| Depreciation | 1,425,558 | 1,419,038 |
| (Profit)/Loss on disposal of property, plant & equip. | (4,246) | 119 |
| Changes in assets and liabilities | | |
| (Increase)/decrease in trade debtors | (1,170) | (11,520) |
| (Increase)/decrease in prepayments | (26,032) | (34,034) |
| Increase/(decrease) in trade and other payables | 103,150 | (35,928) |
| Increase/(decrease) in subscriptions and revenue in advance | 4,054 | (7,287) |
| Increase/(decrease) in employee benefits and other provisions | 24,774 | (29,882) |
| (Increase)/decrease in Inventories | (12,025) | 4,639 |
| Increase/(decrease) in provision for income tax | - | (30,673) |
| | <u>2,737,487</u> | <u>1,932,228</u> |

NOTE 18 - FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The company's financial instruments consist mainly of deposits with banks and accounts payable.

The company does not have any derivative instruments at 30 June 2011.

(i) Treasury Risk Management

The board of directors is responsible for analysing interest rate exposure if applicable and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial Risks

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

Interest rate risk is not material at balance date.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

Foreign currency risk

The company is not exposed to fluctuations in foreign currencies

Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained if necessary.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Price risk

The company is not exposed to any material commodity price risk.

(b) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

| | <u>Weighted Ave.</u> | | <u>Floating</u> | | <u>Non-Interest</u> | |
|------------------------|----------------------------|-------------|----------------------|------------------|---------------------|----------------|
| | <u>Effective Int. Rate</u> | | <u>Interest Rate</u> | | <u>Bearing</u> | |
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| | % | % | \$ | \$ | \$ | \$ |
| Financial Assets: | | | | | | |
| Cash on hand | Nil | Nil | - | - | 450,000 | 450,000 |
| Cash at Bank | 4.50 | 3.50 | 572,988 | 567,068 | 395,335 | 171,940 |
| Cash on deposit | 6.00 | 5.00 | <u>8,090,460</u> | <u>8,361,792</u> | - | - |
| Total Financial Assets | | | <u>8,663,448</u> | <u>8,928,860</u> | <u>845,335</u> | <u>621,940</u> |

NOTE 19 - CLUB DETAILS

The registered office of the company is:

Maroubra Seals Sports & Community Club Limited

204-230 Marine Parade

Maroubra NSW 2035

The principal places of business is:

Maroubra Seals Sports & Community Club Limited

204-230 Marine Parade

Maroubra NSW 2035

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

NOTE 20 - MEMBERS GUARANTEE

The company is limited by guarantee. If the company is wound up, the Memorandum and Articles of Association state that each member is required to contribute a maximum of \$4.00 each toward any outstanding obligations of the company

At 30 June 2011, the number of members was 10,001 (2010: 9,789)

NOTE 21 - DIRECTORS' EMOLUMENTS AND BENEFITS

- (1) A total of \$17,325 in honorariums was paid to directors.
2. Directors are, on application, reimbursed for expenditure incurred on behalf of the Club, or, in acting as an agent of the Club, or, representing the Club at official functions, exhibitions and seminars.
3. Food and refreshments are provided following scheduled meetings of the Board of Directors.
4. The expenses incurred by the Directors during 2011 were \$79,985
Expenses for the current year are expected to be of a similar nature and value.

NOTE 22 - SEGMENT REPORTING

The Club operates predominantly in one business and geographical segment, being a registered club in the hospitality and leisure sector in the Maroubra area of Sydney for the benefit of Members of the Club.

NOTE 23 - CORE AND NON-CORE PROPERTIES

The following are core properties:

1. 204-230 Marine Parade, Maroubra
2. 9 Fenton Avenue, Maroubra
3. 11 Fenton Avenue, Maroubra
4. 13 Fenton Avenue, Maroubra

The following are non-core properties:

- (1) Nil

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

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DIRECTORS' DECLARATION

In the opinion of the Directors the financial report as set out on pages 9 to 25:

- (a) Presents a true and fair view of the financial position of Maroubra Seals Sports & Community Club Limited, as at 30 June 2011 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.

- (b) At the date of this statement, there are reasonable grounds to believe that Maroubra Seals Sports & Community Club Limited will be able to pay its debts as and when they fall due.

The Statement is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:-

ALAN LANGFORD

President

TOM SYMONDS

Hon. Secretary

Dated this 31st day of August, 2011

AUDITOR'S REPORT TO THE MEMBERS FOR THE YEAR ENDED 30TH JUNE 2011

Report on the Financial Report

We have audited the accompanying financial report of Maroubra Seals Sports & Community Club Limited which comprises the balance sheet as at 30 June 2011 and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors Statement.

Director's Responsibility for the Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

(A Company Limited by Guarantee)

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AUDITOR'S REPORT TO THE MEMBERS FOR THE YEAR ENDED 30TH JUNE 2011

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion:

The financial report of Maroubra Seals Sports & Community Club Limited;

- (i) gives a true and fair view of the company's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
- (ii) complies with Australian Accounting Standards (including the Australian Accounting interpretations.)

Name of Firm: Bell Partners Accountants Advisors Auditors

Name of Partner: Donald F. Bell

Address: Corner of Lime & Cuthbert Streets
SYDNEY NSW 2000

Dated this 31st day of August, 2011.

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

(A Company Limited by Guarantee)

A.B.N. 91 000 396 663

**TRADING PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2011**

| | <u>2011</u> | <u>2010</u> |
|---|-------------------------|-----------------------|
| | \$ | \$ |
| INCOME | | |
| Bar Trading Net Profit | 268,912 | 195,254 |
| Cigarette Commission | 5,720 | 6,336 |
| Interest received | 593,982 | 234,432 |
| Keno Trading Profit | 38,662 | 23,485 |
| Miscellaneous Income | 1,946 | 2,750 |
| Poker Machine Profit | 4,526,120 | 4,199,786 |
| Pool/Gym Trading Profit | 105,723 | 103,527 |
| Profit on Disposal of Assets | 4,246 | - |
| Rental Trading Profit | 45,911 | 15,375 |
| Subscriptions | 75,663 | 87,582 |
| TAB Trading Loss | (18,916) | (15,743) |
| Vending Machines | <u>3,088</u> | <u>2,416</u> |
| | <u>5,651,057</u> | <u>4,855,200</u> |
| LESS: ADMINISTRATIVE EXPENSES | <u>(4,105,827)</u> | <u>(3,936,294)</u> |
| NET OPERATING PROFIT | 1,545,230 | 918,906 |
| LESS: DONATIONS | | |
| Surf Life Saving Clubs | (172,424) | (178,464) |
| Other | (71,392) | (48,113) |
| Intra Club Sporting Subsidies, Trophies & Prizes | <u>(19,772)</u> | <u>(20,856)</u> |
| | <u>(263,588)</u> | <u>(247,433)</u> |
| NET OPERATING PROFIT AFTER DONATIONS | <u><u>1,281,642</u></u> | <u><u>671,473</u></u> |

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

(A Company Limited by Guarantee)

A.B.N. 91 000 396 663

TRADING STATEMENTS**FOR THE YEAR ENDED 30TH JUNE 2011**

| | <u>2011</u> | <u>2010</u> |
|--|------------------|------------------|
| | \$ | \$ |
| BAR TRADING STATEMENT | | |
| SALES | 1,292,081 | 1,255,580 |
| LESS: COST OF GOODS SOLD | | |
| Opening Stock 1st July 2010 | 44,817 | 49,456 |
| Purchases | <u>606,322</u> | <u>595,951</u> |
| | 651,139 | 645,407 |
| Closing Stock 30th June 2011 | <u>(56,841)</u> | <u>(44,817)</u> |
| | <u>594,298</u> | <u>600,590</u> |
| GROSS PROFIT ON TRADING | <u>697,783</u> | <u>654,990</u> |
| | (54.00%) | (52.16%) |
| LESS: DIRECT EXPENSES | | |
| Insurance - Workers Compensation | 11,392 | 12,476 |
| Payroll Tax | 13,573 | 13,554 |
| Repairs and Maintenance | 24,050 | 23,787 |
| Requisites | 25,759 | 23,019 |
| Staff Expenses | 208 | 387 |
| Superannuation | 29,153 | 31,914 |
| Wages & Salaries | <u>324,736</u> | <u>354,599</u> |
| | <u>428,871</u> | <u>459,736</u> |
| SURPLUS Transferred | <u>268,912</u> | <u>195,254</u> |
| | (20.81%) | (15.55%) |
| POKER MACHINE TRADING STATEMENT | | |
| CLEARANCES | 8,706,126 | 7,994,049 |
| LESS: DIRECT EXPENSES | | |
| CMS Fee | 68,918 | 67,026 |
| Depreciation | 529,991 | 438,621 |
| Insurance - Workers Compensation | 11,876 | 11,682 |
| Payroll Tax | 14,129 | 13,813 |
| Poker Machine Duty | 1,746,793 | 1,579,078 |
| Poker Machine GST | 791,471 | 727,640 |
| Poker Machine Promotions | 457,149 | 423,296 |
| Points Redemption | 62,250 | 57,622 |
| Printing & Stationery | 13,711 | 8,459 |
| Repairs and Maintenance | 115,845 | 106,318 |
| Staff Expenses | 119 | 465 |
| Superannuation | 30,365 | 29,743 |
| Wages & Salaries | <u>337,389</u> | <u>330,500</u> |
| | <u>4,180,006</u> | <u>3,794,263</u> |
| SURPLUS transferred | <u>4,526,120</u> | <u>4,199,786</u> |

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

(A Company Limited by Guarantee)

A.B.N. 91 000 396 663

TRADING STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2011

| | <u>2011</u> | <u>2010</u> |
|------------------------------------|---------------|---------------|
| | \$ | \$ |
| CLUB KENO TRADING STATEMENT | | |
| COMMISSION RECEIVED | 60,291 | 53,323 |
| LESS: DIRECT EXPENSES | | |
| Depreciation | 943 | 962 |
| Payroll Tax | 608 | 1,007 |
| Printing & Stationery | 886 | 452 |
| Promotions | 700 | 899 |
| Repairs & Maintenance | 3,371 | 1,450 |
| Superannuation | 1,215 | 2,014 |
| Wages & Salaries | 13,501 | 22,383 |
| Workers' Compensation | <u>405</u> | <u>671</u> |
| | <u>21,629</u> | <u>29,838</u> |
| Surplus Transferred | <u>38,662</u> | <u>23,485</u> |

| | | |
|------------------------------|-----------------|-----------------|
| TAB TRADING STATEMENT | | |
| COMMISSION RECEIVED | 28,798 | 33,519 |
| LESS: DIRECT EXPENSES | | |
| Payroll Tax | 480 | 580 |
| Printing & Stationery | 519 | 677 |
| Promotions | 5,100 | 5,200 |
| Subscriptions & Licences | 29,658 | 28,367 |
| Superannuation | 961 | 1,160 |
| Wages & Salaries | 10,676 | 12,891 |
| Workers' Compensation | <u>320</u> | <u>387</u> |
| | <u>47,714</u> | <u>49,262</u> |
| Deficit Transferred | <u>(18,916)</u> | <u>(15,743)</u> |

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

(A Company Limited by Guarantee)

A.B.N. 91 000 396 663

TRADING STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2011

| | <u>2011</u> | <u>2010</u> |
|-----------------------------------|----------------|----------------|
| | \$ | \$ |
| POOL/GYM TRADING STATEMENT | | |
| INCOME RECEIVED | 364,652 | 342,765 |
| LESS: DIRECT EXPENSES | | |
| Cleaning | 18,200 | 23,300 |
| Depreciation | 33,389 | 33,473 |
| Electricity | 11,091 | 10,309 |
| Gas | 18,600 | 15,773 |
| Payroll Tax | 6,140 | 5,577 |
| Repairs and Maintenance | 16,405 | 13,979 |
| Superannuation | 12,285 | 11,151 |
| Swimming Accessories | 1,527 | 1,433 |
| Wages & Salaries | 136,513 | 119,907 |
| Workers' Compensation | <u>4,779</u> | <u>4,336</u> |
| | <u>258,929</u> | <u>239,238</u> |
| Surplus Transferred | <u>105,723</u> | <u>103,527</u> |
| | | |
| RENTAL TRADING STATEMENT | | |
| INCOME RECEIVED | 76,877 | 21,450 |
| LESS: DIRECT EXPENSES | | |
| Insurance | 1,782 | - |
| Management Fees | 2,450 | 1,067 |
| Printing and Stationery | 2,954 | - |
| Repairs and Maintenance | 5,229 | 3,694 |
| Rates and Taxes | 8,687 | 1,314 |
| Strata Levy | <u>9,864</u> | <u>-</u> |
| | <u>30,966</u> | <u>6,075</u> |
| Surplus Transferred | <u>45,911</u> | <u>15,375</u> |

MAROUBRA SEALS SPORTS & COMMUNITY CLUB LIMITED

(A Company Limited by Guarantee)

A.B.N. 91 000 396 663

ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 30TH JUNE 2011

| | <u>2011</u> | <u>2010</u> |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| EXPENDITURE: | | |
| Advertising & Sponsorship | 27,116 | 26,166 |
| Audit and Accountancy (Note 6) | 28,000 | 28,000 |
| Bands and Artists | 94,632 | 91,790 |
| Bank Charges and Interest | 6,116 | 5,448 |
| Cash Shortages | - | 1,072 |
| Cleaning | 136,106 | 131,094 |
| Computer Charges | 4,765 | 6,405 |
| Courier, Freight & Travel Charges | 2,201 | 1,845 |
| Depreciation - Building | 514,284 | 601,405 |
| Depreciation - General | 346,951 | 344,577 |
| Directors Expenses | 79,985 | 46,617 |
| Directors' Honoraria | 17,325 | 16,839 |
| First Aid | 609 | 1,178 |
| Fringe Benefits Tax | 32,731 | 35,319 |
| Holiday Pay | 68,810 | 62,246 |
| Insurance - General | 88,200 | 78,124 |
| Insurance - Workers' Compensation | 49,050 | 44,269 |
| Internal Promotions | 747,996 | 595,292 |
| Light & Power | 238,608 | 228,600 |
| Long Service Leave | 21,961 | 26,000 |
| Loss on Sale Fixed Asset | - | 119 |
| Membership Renewal Expenses | 15,578 | 15,511 |
| Motor Vehicle Expenses | 19,989 | 16,724 |
| Parking Space | 2,500 | 2,500 |
| Payroll Tax | 44,789 | 51,986 |
| Plant Hire | 3,640 | 3,640 |
| Postage, Printing & Stationery | 18,421 | 21,486 |
| Rates & Taxes | 74,426 | 77,079 |
| Repairs & Maintenance | 135,718 | 112,577 |
| Security | 90,048 | 109,832 |
| Seminar & Training Costs | 32,426 | 17,068 |
| Staff Expenses | 20,826 | 25,455 |
| Staff Uniforms | 2,935 | 8,465 |
| Subscriptions & Licences | 55,837 | 54,001 |
| Superannuation | 162,492 | 192,678 |
| Telephone | 16,690 | 16,578 |
| Wages & Salaries | 904,066 | 838,309 |
| | <u>4,105,827</u> | <u>3,936,294</u> |

Beneficiaries of Maroubra Seals Club Grants

The main beneficiaries of donations during the year were Maroubra and South Maroubra Surf Life Saving Clubs totalling \$172,424 together with the following community organisations which shared \$71,392

| | |
|--------------------------------------|--------------------------------------|
| Aunties & Uncles Coop Family Project | Matraville Soldier Settlement School |
| Autism Spectrum Australia | Point Zero Youth Services |
| Banksmeadow School | POW Hospital Foundation |
| Bayside Swimming Club | Raise a Glass Appeal |
| Botany Rams | Randwick District Exec. of SLSA |
| Canteen | Randwick Meals on Wheels |
| Cure for Life Foundation | Randwick Seniors Christmas Party |
| Daceyville Public School | Randwick State Emergency Service |
| Eastern Suburbs Aftercare | Schizophrenia Fellowship of NSW |
| Friends of Sr Phillipa Foundation | South Sydney DJRF League |
| Go Research Fund | St Laurence House |
| Holy Family Church Maroubra Junction | Surf Life Saving Sydney Branch |
| Karitane | The Deli Women & Children's Centre |
| Kooloora Community Centre Inc. | The Shack Youth Services Inc |
| Little Sisters of the Poor | Victor Chang Institute |
| Loyal Foundation | Winter Swimming Assoc. of Australia |
| Maroubra Senior Citizens | |

Maroubra Seals Sports Council

The aim of all Seals Intra Clubs is to further the social and sporting aspects of our Club. Membership is open to all Seals Club members. Please contact Club Reception for more details.

BRIAN PURDON
Chairman

INTRA CLUB

| | |
|-----------------|---|
| Basketball | Sydney City Comp. Alexandria |
| Bridge | Monday Nights 7pm |
| Fishing | Last Saturday in the month |
| Golf | Play monthly at The Coast |
| Karate | Tuesday/Thursday Nights 7pm |
| Indoor Bowling | Saturdays 12.30pm |
| Indoor Swimming | Thursday Nights 7.30pm |
| Old Time Dance | Monday Nights 7.30pm |
| Snooker | Tuesdays 7pm |
| Table Tennis | Wednesday Nights 7.30pm |
| Winter Swimming | Sundays 9.30am Mahon Pool May to September |

2010 PRESIDENT'S TROPHY WINNERS

| |
|-------------------|
| Erin Coughlan |
| Joyce Gilchrist |
| Anthony Chaffey |
| Mark Petersen |
| Mike Kubicek |
| Maisie Launt |
| Tim O'Rourke |
| Alice Parezanovic |
| Martyn Everitt |
| Bee Guan Tee |
| Elaine Tsang |

Maroubra Seals Winter Swimming Club

The Winter Swimming Club has had another successful year both in and out of the pool. Each Sunday morning from May to September we meet at the Mahon Pool at 9.30am for a swim followed by refreshments and a BBQ lunch. Peter Larssen with help from several members continues to put on a great feed each week keeping the members happy. Thanks also to the "Bruise Brothers" David X and Warwick for their barbequing throughout the season.

Our female membership continues to grow in what is our second year we have openly accepted female members. This has also had somewhat of an effect on our junior membership which has also increased.

This year we hosted the Cronulla Polar Bears, and the Tuggerah Tuffs. Both days were excellent. Even though the day with the Tuffs was cold and wet it was great to have them down for the day.

The South Metropolitan championships were again held at Bondi Icebergs. Only a few of our members competed with most of them coming home with a medal. Well done.

The Australian Titles this year were held at Wagga Wagga for the first time and again we attempted to have the best team possible with the view of taking out the Championship point-score. Unfortunately we weren't good enough and finished with third place behind the Harbord Frigid Frogs and the Cronulla Polar Bears. This will not stop us from trying harder next year. At Wagga there were some great swims by our members. Our young open 10 man side performed extremely well and were close to breaking the record held by the Seals since 2001. In the over 25's Chris Karow again took out the title, Mal Allen won the over 35's and Peter Kerr won the over 30's. Matt Abood, fresh from winning gold in the 4x100m world championships took out the gold in the Open with his brother Andrew coming second. In the female events, a great swim by Caroline Durstan saw her win the over 35's and Nicole Mee broke the open record as did Liliana Guirdasco in the over 30's. Our age relays also performed well with the Mens Open winning, the over 30's coming 3rd, The over 40's 4th, Over 50's 2nd, Over 60's 3rd and over 70's 6th. In the female relays we won the open in record time, the over 30's also broke the record but unfortunately came 2nd, and the over 40's came 3rd.

Thanks must go to all the committee members who worked so hard throughout the year including the President Barry Rodgers, Captain Chris Smith and Treasurer Bernie Carmudie. Without their work and commitment, our club wouldn't be as successful as it was this year. Thanks also to all those helpers each Friday night in selling the Nippers raffle tickets and also those regulars who buy tickets every week. This money goes a long way in helping the young nippers in their training and competition and also buying equipment.

Our thanks must also go to Peter Redding, his staff, and the Seals club Board of Directors for without their help we would not be the club we are.

BRIAN WILLIAMSON
Secretary

Maroubra Surf Life Saving Club Inc.

It is with great honour I am able as the newly elected president to report on another successful season at Maroubra SLSC. A committed Board of Management (BOM) and sub-committees have continued to build on strong foundations from previous years.

It is most pleasing to announce that "No Lives Were Lost" while Maroubra Surf Club lifesavers were on duty during the course of the season. Above and beyond any other purpose of Maroubra SLSC, this is the ultimate goal we aim to achieve.

I congratulate the BOM on fulfilling its duties in a thorough and assertive manner with results that can be replicated if the same philosophies are continued to be adopted. Of course good governance is only matched by our high quality membership who take on these management values and work towards an inclusive club allowing members to achieve their own goals. It is very pleasing to see so many enthusiastic members instructing and coaching who unselfishly give their own time in passing on their own experiences and teachings to members in order to produce better lifesavers.

The lifesaving committee, headed by club captain Trent Thomas, always has a challenging role coordinating 300 active members over the seven (7) month patrol period. Over the past few years surf life saving parent bodies have implemented many changes to patrol requirements, awards structures and educational procedures.

Our competitors are to be congratulated on their efforts throughout the year. Many started training early for the Coolangatta Gold and with the competing season slightly longer this year, they have earned their rest this off-season. The BOM is always eager to support our athletes and with most competitors still in the junior ranks, this should ensure good competitive ranks for the next few years.

The BOM was delighted to finally commence the long awaited building works. Financially the club has worked towards these renovations for a couple of years and with Randwick City Council giving the final go ahead early February, the BOM was in a position to act quickly and commence building works in April. Randwick City Council are also to be congratulated for their support in awarding Maroubra Surf Club a grant of \$350,000 for major maintenance works to the clubhouse building which will provide us with a structure which will need very little maintenance for years to come.

Our nippers continue to thrive with enrolment numbers near record numbers of 650. This is due to a large number of volunteer parents and patrolling members giving up their time in providing instruction on a pathway through to the senior movement.

Over the past few years Maroubra SLSC has added to its repertoire by branching out into the community increasing surf awareness. Maroubra SLSC will be moving forward with a community education team that will service and educate the community on safe beach practices with many local bodies already benefiting from these instructional presentations.

The process of administering different operational areas of the club is a delicate balancing act to accommodate varying needs. With the need to satisfy members' expectations, the BOM has been diligent in ensuring the club's stability, sustainability, growth and development. Financial management measures have been extremely successful in the past three (3) years with demonstrable results.

I would like to thank all my fellow Board of Directors for the many hours that go into performing your roles. Most of these hours are unnoticed and at times endure the brunt of people frustrations. I reassure all members that fairness and equality has always been at the forefront of decision making with this BOM.

Our partner, Maroubra Seals Sports & Community Club has been the club's major sponsor for nearly five (5) decades and on behalf of all members I not only thank you for your support, but also congratulate you on the success the Seals Club in these difficult trading times. To the Seals Executive and Board of Management, thank you for all your efforts in supporting Maroubra SLSC. To Peter Redding and his management and staff, your assistance and personal and moral support has always been most appreciated.

In conclusion, the 2010/11 season has been another excellent year and all our operational areas remain in an exceptional position. I congratulate all our members in making Maroubra Surf Life Saving Club a force in surf lifesaving and look forward to working with all future committees to maintain a strong presence in surf lifesaving.

WAYNE CLARE
President

South Maroubra Surf Life Saving Club Inc.

Fellow Members and friends of Maroubra Seals Sport and Community Club, it is with great pleasure that as we approach the 2011/12 season I present to you a short overview of activities at your favourite community lifesaving club at South Maroubra over the past season. Before I commence this overview a few statistics you might find interesting! 2872 Preventative Surf Actions, 1057 Members, 523 Nipper Surf Education Awards, 1336 First Aid, 233 SLS Awards, 216 Rescues, a busy past season.

Friends, I am thrilled to start off my review by informing you that in May 2011 South Maroubra SLSC was represented at the major awards ceremony conducted by the governing body of all Sydney Lifesaving Clubs. This awards night is an opportunity for the head body of Sydney Lifesaving to formally acknowledge and recognise outstanding individuals and collective efforts and contributions from all clubs.

South Maroubra SLSC featured prominently at the awards night receiving a High Commendation for the efforts of members during the much publicised search, rescue and recovery mission of 2 swimmers who regrettably drowned on Maroubra Beach earlier in the year. I should point out that at the time of these drowning there were NO surf patrols on duty. Michael Fernandez a young up and coming lifesaver was recognised as the U/19 Lifesaver of the Year, Joe White a veteran lifesaver picked up the Radio Room member of the year, U/14 Nipper of the Year, High Commendation to an outstanding young athlete Jarrod Cullen, Nipper Age Manager of the Year Justin Lo and Administrator of the Year award going to Life Member Yvette Rutherford.

To top what was already a sensational night was the awarding of the 2010 Sydney Branch Champion Club of the Year to South Maroubra SLSC, a wonderful achievement for our club and the first time we have won this award. I acknowledge Maroubra Surf Club who picked up second place.

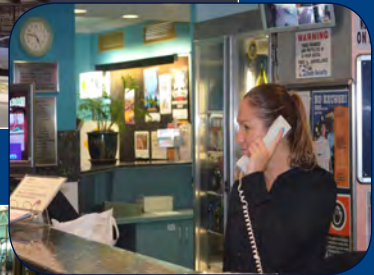
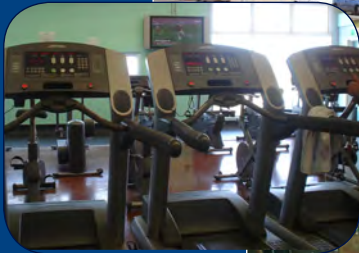
Still on the good news front, whilst most lifesavers are having a well earned break during the winter period, South Maroubra rescue boats who play a critical role in patrolling our beaches have been in full operational mode travelling around New South Wales flying the clubs colours, demonstrating their significant skills. Our IRB crews had great results with the Club winning the NSW State Titles Carnival making our Rescue boat members the best rescuers in NSW. To top this off, the team with their equipment travelled to South Australia to test their skills against teams from all around Australia I am proud to report to you that South Maroubra IRB team took out second place losing narrowly to a Queensland Club. We invite any clubbie looking to be part of this team next season to come on down and join up!

Our young lifesavers we fondly call Nippers numbering over a record 600 children did outstandingly well and what a great pleasure to watch these children learning skills under the watchful eye of Age Managers and Parents. On top of the Sunday Nipper events and training during the week our representative Nippers competed in Northern NSW where they represented our area with great pride taking out 11th place out of 100 odd clubs, truly amazing effort by these aspiring lifesavers.

On top of all the great news above, Seals Members would well aware of the range of the extensive building works that have been going on at South Maroubra over the past couple of years. I am pleased to report as I write this review our club repairs and renovations near completion. We have completed concrete repairs to all rooms on all levels and have fully demolished just about the entire top floor in preparation for roofing of that floor. This will ensure the problems encountered with concrete cancer through numerous leaks and water penetration become part of our history. Our disabled access into the club is well underway and I have many people to thank for arriving at this point. I would like to mention Michael Daley, Member for Maroubra, Peter Garrett Member for Kingsford Smith, Randwick City Council who have been marvellous to work with. Randwick Council have been the major financial contributor to our building works and most of all I thank the Maroubra Seals and the membership for their ongoing support in repairing and then rebuilding the club over the last several years. In total the Seals Club has contributed \$150,000 funding allowing us to repair damaged floors and then removing the old concrete! This is why we need a strong club industry and why the Maroubra Seals is known as the Community Club!!

So as we rapidly approach the 24th September 2011 our volunteers are now in full swing preparing for season start so I better finish up and get back to lifesaving work, but before I do a few thankyou's. Thank you members of the Seals for your support of Lifesaving on Maroubra Beach, thank you President Langford OAM and the entire Board Members for your support, we are proud to have you as Directors of this great club. Thank you to Peter Redding G.M. and all paid staff, you have a great team of people. That about raps it up, so see you at South Maroubra, we welcome new and former Surf Club members to join a great family club. Check us out www.southmaroubraslsc.com.au

PAUL FOWNES
Chairman



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