

URUGUAYAN SOCIAL & SPORTING CLUB LTD

ABN: 44 001 235 990

Financial Report For The Year Ended
30 June 2011



URUGUAYAN SOCIAL & SPORTING CLUB LTD

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CONTENTS	Page
Directors' Report	1
Auditor's Independence Declaration	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	16
Independent Audit Report	17

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2011.

Directors

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

Nelson Diaz appointed (2/3/2008)

Julio Cesar Bentos resigned (21/11/2010)

Jorge Iraneta appointed (21/11/2010)

Luis Cantero resigned (17/05/2011)

Gladys Bentos resigned (21/11/2010)

Mario Magellan resigned (21/11/2010)

Walter Occeli resigned (21/11/2010)

Nilda Gesto resigned (21/11/2010)

Carmelo Mederos resigned (21/11/2010)

Eduardo Diaz appointed (21/11/2010) Resigned 17/05/2011

Elizabeth Magellan resigned (21/11/2010)

Mari Gonzalez appointed (15/11/2009)

Alex Marino appointed (21/11/2010)

Jose Cuccovillo appointed (21/11/2010)

Irma Cabral appointed (21/11/2010) Resigned 29/07/2011

Oscar Diaz appointed (21/11/2010) Resigned 17/05/2011

Carlos Diaz appointed (21/11/2010) Resigned 24/07/2011

Graciela Techera appointed (5/08/2011)

Graciela Batancor appointed (5/08/2011)

Luis Arce appointed (5/08/2011)

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the entity during the financial year were:

- operations of a club licensed under the provisions of the Registered Clubs Act 1976

Operating Results and Review of Operations for the year

Operating Results

The profit(loss) of the entity amounted to (\$6,643)

Review of Operations

Total sales and other revenue decreased by \$29,846 from \$634,327 to \$607,202

Financial Position

The net assets of the entity have decreased by \$6,645 from \$2,228,272 30 June 2010 to \$2,221,629 in 2011. This increase has largely resulted from the following factors:

- high interest charges
- increased level of advertising and
- an increase in electricity rates throughout the year

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the entity occurred during the financial year:

Property, plant and equipment decreased from \$ 2,876,027 to \$ 2,840,010

Events after the Reporting Period

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

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
DIRECTORS' REPORT

Future Developments, Prospects and Business Strategies

To further improve the entity's profit and maximise shareholder wealth, the following developments are intended for implementation in the near future:

Likely developments in the operations of the entity and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the company

Environmental Issues

The entity's operations are not subject to significant environmental regulation under the law of the Commonwealth and State.

Information on Directors

Nelson Diaz	—	Director
Special Responsibilities	—	Director since 02/30/08
Julio Cesar Bentos	—	Director
Experience	—	Director since 02/03/08 but resigned on 21/11/10
Jorge Iraneta	—	Director
Experience	—	Director since 02/03/08
Luis Cantero	—	Director
Experience	—	Director since 15/11/09 resigned in May 2011
Special Responsibilities	—	Assistant treasurer from 21/11/10 to May 2011
Gladys Bentos	—	Director
Experience	—	Director since 15/11/09. Resiged on 21/11/10
Special Responsibilities	—	Assistant Treasurer from July to November, 2010
Mario Magellan	—	President till the 21/11/10
Experience	—	Vice President up to 18/08/08 and President since 16/11/08. Resigned on 21/11/10.
Special Responsibilities	—	Director since 16/11/08 and resigned on 21/11/10
Walter Ocelli	—	Vice President till 21/11/10
Experience	—	Director since 15/11/09. Resigned 21/11/10
Special Responsibilities	—	Vice President from 15/11/09 abd resigned 21/11/10
Nilda Gesto	—	Director
Qualifications	—	Director since 15/11/09
Special Responsibilities	—	Treasurer up to 21/11/10
Carmelo Mederos	—	Director
Experience	—	Director since 15/11/09. Resigned 21/11/10
Eduardo Diaz	—	Director
Experience	—	Director from 15/11/09 to April 2011
Elizabeth Magellan	—	Secretary up to the 21/11/10
Experience	—	Director and Secretary from 15/11/09 to 21/11/10
Mari Gonzalez	—	Secretary
Experience	—	Assistant Secretary from 15/11/09 to 21/11/10. Appointed secretary on the 21/11/10
Alex Marino	—	President
Experience	—	Appointed president on the 21/11/10
Jose Cuccovillo	—	Vice President
Experience	—	Appointed vice president on 21/11/10
Irma Cabral	—	Assistant Secretary
Experience	—	Appointed Assistant Secretary on the 21/11/10
Oscar Diaz	—	Treasurer. Resigned April 2011
Experience	—	Treasurer from 21/11/10 to April 2011
Carlos Diaz	—	Treasurer. Appointed May 2011
Experience	—	Director 21/11/10 to 24/07/ 2011
	—	Appointed treasurer from May, 2011

Company Secretary

Carlos Diaz held the position of company secretary at the end of the financial year:
Carlos Diaz was secretary and licensee from 21/09/2009 until 24/7/2011 .

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
DIRECTORS' REPORT

Meetings of Directors

During the financial year, [insert number] meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors' Meetings		
	Number eligible to attend	Number attended
Nelson Diaz	26	22
Julio Cesar Bentos	10	10
Jorge Iraneta	16	16
Luis Cantero	23	21
Gladys Bentos	10	9
Mario Magellan	10	8
Walter Occeci	10	9
Nilda Gesto	10	10
Carmelo Mederos	10	7
Eduardo Diaz	23	17
Elizabeth Magellan	10	9
Mari Gonzalez	26	24
Alex Marino	16	16
Jose Cuccovillo	16	16
Irma Cabral	16	12
Oscar Diaz	13	10
Carlos Diaz	16	15
Graciela Techera	-	-
Graciela Batancor	-	-
Luis Arce	-	-

Indemnifying Officers or Auditor

No imdemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company

Options

No Options over interest in the entity were granted during or since the end of the financial year and there were no Options outstanding at the date of this report.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The entity was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on the following page of the financial report.

This Report of the Directors', is signed in accordance with a resolution of the Board of Directors.

.....
Alex Marino

Dated: 10/11/2011

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44
001 235 990**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 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.

Name of Firm Thomson Hall

Name of Partner Stephen Hall

Date 9/11/2011

Address 2/4 Chamberlain Street

Campbelltown

NSW 2560

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		\$	\$
Revenue	2	607,202	634,327
Changes in inventories		7,326	(480)
Raw materials and consumables used		(216,117)	(205,419)
Finance costs	3	(80,931)	(70,196)
Depreciation and amortisation expense		(37,987)	(40,654)
Other expenses		(286,136)	(352,343)
Profit before income tax	3	(6,643)	(34,765)
Income tax expense	4	-	-
Profit from continuing operations		<u>(6,643)</u>	<u>(34,765)</u>
Profit for the year	3	<u>(6,643)</u>	<u>(34,765)</u>
Total comprehensive income for the year		<u>(6,643)</u>	<u>(34,765)</u>

The accompanying notes form part of these financial statements.

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	54,482	26,428
Inventories	7	12,627	5,301
Other assets	9	18,811	8,324
TOTAL CURRENT ASSETS		<u>85,920</u>	<u>40,053</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>2,840,010</u>	<u>2,876,027</u>
TOTAL NON-CURRENT ASSETS		<u>2,840,010</u>	<u>2,876,027</u>
TOTAL ASSETS		<u><u>2,925,930</u></u>	<u><u>2,916,080</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	4,863	6,808
Borrowings	11	<u>68,775</u>	<u>681,000</u>
TOTAL CURRENT LIABILITIES		<u>73,638</u>	<u>687,808</u>
NON-CURRENT LIABILITIES			
Borrowings	11	<u>630,663</u>	-
TOTAL NON-CURRENT LIABILITIES		<u>630,663</u>	-
TOTAL LIABILITIES		<u>704,301</u>	<u>687,808</u>
NET ASSETS		<u><u>2,221,629</u></u>	<u><u>2,228,272</u></u>
EQUITY			
Reserves		1,916,067	1,916,067
Retained earnings		<u>305,562</u>	<u>312,205</u>
TOTAL EQUITY		<u><u>2,221,629</u></u>	<u><u>2,228,272</u></u>

The accompanying notes form part of these financial statements.

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

Notes	Reserves			Total
	Retained Earnings	Asset Revaluation Reserve	General Reserve	
	\$	\$	\$	\$
Balance at 1 July 2009	346,972	979,647	1,176,420	2,503,039
Comprehensive income				
Profit for the year	(34,767)	-	-	(34,767)
Total comprehensive income for the year	(34,767)	-	-	(34,767)
Other				
Revaluation of freehold land	-	(240,000)	-	(240,000)
Total Other	-	(240,000)	-	(240,000)
Balance at 30 June 2010	312,205	739,647	1,176,420	2,228,272
Balance at 1 July 2010	312,205	739,647	1,176,420	2,228,272
Comprehensive income				
Profit for the year	(6,643)	-	-	(6,643)
Total comprehensive income for the year	(6,643)	-	-	(6,643)
Balance at 30 June 2011	305,562	739,647	1,176,420	2,221,629

The accompanying notes form part of these financial statements.

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		674,004	700,574
Payments to suppliers and employees		(581,486)	(667,789)
Finance costs		(80,931)	(30,712)
Income tax paid		-	-
Net cash provided by/(used in) operating activities	12a	<u>11,586</u>	<u>2,073</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,970)	(27,467)
Net cash provided by/(used in) investing activities		<u>(1,970)</u>	<u>(27,467)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		18,438	-
Net cash provided by/(used in) financing activities		<u>18,438</u>	<u>-</u>
Net increase/(decrease) in cash held		28,054	(25,394)
Cash and cash equivalents at beginning of financial year	6	<u>26,428</u>	<u>51,822</u>
Cash and cash equivalents at end of financial year	6	<u><u>54,482</u></u>	<u><u>26,428</u></u>

The accompanying notes form part of these financial statements.

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

This financial report includes the financial statements and notes of Uruguayan Social & Sporting Club Ltd.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act

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

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income).

(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 as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are recorded at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Buildings are measured and depreciated in the same way as plant and equipment

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income

Plant and equipment

Plant and equipment are measured on the cost basis.

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.

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% to 10%
Plant and equipment	10% to 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) 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 sale of 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.

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

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

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company'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 where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) Available-for-sale financial assets

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

(v) Financial Liabilities

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

Impairment

At the end of each reporting period, 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 profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

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 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.

(e) Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

(f) Cash and Cash Equivalents

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

(g) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

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

(h) 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 Taxation Office (ATO). In this circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

Cash flows are presented on a gross basis, except for the GST components of cash flows arising from investing or financing activities, which are presented as operating cash flows.

(i) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the Company has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 2 Revenue and Other Income

	Note	2011 \$	2010 \$
(a) Revenue from continuing operations			
Sales revenue			
— sale of goods		469,681	466,583
Total sales revenue		<u>469,681</u>	<u>466,583</u>
Other revenue			
— other revenue		89,607	100,706
— Poker machine revenue		47,914	67,038
Total other revenue		<u>137,521</u>	<u>167,744</u>
Total sales revenue and other revenue		<u>607,202</u>	<u>634,327</u>

Note 3 Profit for the Year

	Note	2011 \$	2010 \$
(a) Expenses			
Cost of sales		208,790	205,900
Interest expense on financial liabilities not at fair value through profit or loss:			
— Other persons		80,931	70,196

Note 4 Income Tax Expense

	Note	2011 \$	2010 \$
(a) Prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%)		(1,993)	(10,430)
		<u>(1,993)</u>	<u>(10,430)</u>
Add:			
Tax effect of:			
— Tax loss benefits not taken up		1,993	10,430
		<u>-</u>	<u>-</u>
Income tax attributable to entity		<u>-</u>	<u>-</u>
The applicable weighted average effective tax rates are as follows:		0.0%	0.0%

Note 5 Auditors' Remuneration

	Note	2011 \$	2010 \$
Remuneration of the auditor of the entity for:			
— auditing or reviewing the financial report		5,200	5,200

Note 6 Cash and Cash Equivalents

	Note	2011 \$	2010 \$
Cash at bank and in hand		54,482	26,428
	13	<u>54,482</u>	<u>26,428</u>
Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		54,482	26,428
		<u>54,482</u>	<u>26,428</u>

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 7 Inventories

	2011 \$	2010 \$
CURRENT		
At cost		
Finished goods	12,627	5,301
	12,627	5,301

Note 8 Property, Plant and Equipment

	2011 \$	2010 \$
LAND AND BUILDINGS		
Freehold land at:		
— independent valuation 2010	2,100,000	2,100,000
Total land	2,100,000	2,100,000
Buildings at:		
— at cost	875,288	875,288
Less accumulated depreciation	(235,932)	(218,877)
Total buildings	639,356	656,411
Total land and buildings	2,739,356	2,756,411
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	571,327	569,357
Accumulated depreciation	(470,673)	(449,741)
Total plant and equipment	100,654	119,616
	100,654	119,616
Total property, plant and equipment	2,840,010	2,876,027

The Company's land was revalued at 30 June 2010 by independent valuers. Valuations were made on the basis of open market value. The revaluation surplus net of applicable deferred income taxes was credited to revaluation surplus in shareholders' equity.

(a) Movements in Carrying Amounts

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

	Freehold Land \$	Buildings \$	Plant and Equipment \$	Total \$
Balance at 1 July 2009	2,340,000	656,271	132,943	3,129,214
Additions		8,164	19,303	27,467
Disposals				-
Revaluation increments/(decrements)	(240,000)			(240,000)
Depreciation expense		(17,342)	(23,312)	(40,654)
Balance at 30 June 2010	2,100,000	647,093	128,934	2,876,027
Additions			1,970	1,970
Depreciation expense		(17,055)	(20,932)	(37,987)
Balance at 30 June 2011	2,100,000	630,038	109,972	2,840,010

(b) Historical Cost

If land and buildings were stated at historical cost, amounts would

Cost	1,055,903	1,055,903
Accumulated depreciation	(235,932)	(218,877)
	819,971	837,026

Note 9 Other Assets

	2011 \$	2010 \$
CURRENT		
Prepayments	18,811	8,324
	18,811	8,324

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 10 Trade and Other Payables

	2011	2010
Note	\$	\$
CURRENT		
Unsecured liabilities		
Sundry payables and accrued expenses	4,863	6,808
10	4,863	6,808

Note 11 Borrowings

	2011	2010
Note	\$	\$
CURRENT		
Bank loans	-	681,000
Mortgage loans	68,775	-
11a,c	68,775	-
Total current borrowings		681,000
NON-CURRENT		
Secured liabilities		
Mortgage loans	630,663	-
11a,c	630,663	-
Total non-current borrowings		-
13	699,438	681,000

	2011	2010
	\$	\$
(a) Total current and non-current secured liabilities:		
Bank loan	-	681,000
Mortgage loans	699,438	-
	699,438	681,000

(b) The carrying amounts of non-current assets pledged as security are:		
Freehold land and buildings	2,739,356	2,756,411
	2,739,356	2,756,411

(c) **Collateral provided**

The mortgage loan is secured by a registered mortgage of freehold land of the company at 56-62 Whitford Road, Hinchinbrook NSW

Note 12 Cash Flow Information

	2011	2010
	\$	\$
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	(6,643)	(34,765)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Depreciation	37,987	40,654
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables		
(Increase)/decrease in prepayments	(10,487)	5,598
(Increase)/decrease in inventories	(7,326)	480
Increase/(decrease) in trade payables and accruals	(1,945)	(9,892)
Cash flow from operations	11,586	2,075

	2011	2010
	\$	\$
(b) Loan Facilities		
Loan facilities	699,438	681,000
Amount utilised	(699,438)	(681,000)
	-	-

The major facilities are summarised as follows:

The mortgage loan is for a period of 25 years from 2011 with monthly payments of principal and interest. Interest rates are variable.

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 13 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans from financial institutions.

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	2011 \$	2010 \$
Financial Assets			
Cash and cash equivalents	6	54,482	26,428
Total Financial Assets		54,482	26,428
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	10	4,863	6,808
— Borrowings		699,438	681,000
Total Financial Liabilities		704,301	687,808

Financial Risk Management Policies

The company's overall risk management strategy seeks to assist the company in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the entity is exposed to through its financial instruments are liquidity risk and market risk consisting of interest rate risk.

b. Liquidity risk

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

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- seeking funding from a variety of sources
- maintaining a reputable credit profile
- only investing surplus cash with major financial institutions

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Financial liabilities due for payment								
Bank overdrafts and loans	6,878	681,000	34,390	-	658,170	-	699,438	681,000
Trade and other payables	4,590	6,807	-	-	-	-	4,590	6,807
Total contractual	11,468	687,807	34,390	-	658,170	-	704,028	687,807
Total expected outflows	11,468	687,807	34,390	-	658,170	-	704,028	687,807
Financial Assets - cash flows realisable								
Cash and cash	51,489	26,428	-	-	-	-	51,489	26,428
Total anticipated inflows	51,489	26,428	-	-	-	-	51,489	26,428
Net (outflow) / inflow on financial instruments	40,021	(661,379)	(34,390)	-	(658,170)	-	(652,539)	(661,379)

Market Risk

c. Interest rate risk

The entity's mortgage loan is at a floating interest rate. The entity does not have any procedures to manage this risk

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Fair value estimation

The fair values of financial assets and financial liabilities approximate their carrying values as presented in the balance sheet.

	2011		2010	
	Net Carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
Financial assets				
Cash and cash equivalents	54,482	54,482	26,428	26,428
Total financial assets	<u>54,482</u>	<u>54,482</u>	<u>26,428</u>	<u>26,428</u>
Financial liabilities				
Trade and other payables	4,863	4,863	6,808	6,808
Bank debt	699,438	699,438	681,000	681,000
Total financial liabilities	<u>704,301</u>	<u>704,301</u>	<u>687,808</u>	<u>687,808</u>

Note 14 Reserves

- a. *Asset Revaluation Reserve*
The asset revaluation reserve records revaluations of non-current assets.
- b. *General Reserve*
The general reserve records funds set aside for future expansion of the entity.

Note 15 Company Details

The registered office of the company is:
 Uruguayan Social & Sporting Club Ltd
 Unit 6 20 Somerset Avenue
 Narellan NSW 2567
 The principal place of business is:
 Uruguayan Social & Sporting Club Ltd
 56-62 Whitford Rd
 Hinchinbrook NSW 2168

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 5 to 15, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company;

3. in the directors' opinion there are reasonable grounds to believe that the company 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.

Director

Alex Marino

Dated this 10th day of November 2011

URUGUAYAN SOCIAL & SPORTING CLUB LTD ABN: 44 001 235 990
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
URUGUAYAN SOCIAL & SPORTING CLUB LTD

Report on the Financial Report

We have audited the accompanying financial report of Uruguayan Social & Sporting Club Ltd, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determined this necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We 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, which has been given to the directors of Uruguayan Social & Sporting Club Ltd on 10/11/2011, 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 report of Uruguayan Social & Sporting Club Ltd is in accordance with the Corporations Act 2001, including:

- i. giving 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. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Name of Firm: Thomson hall

Name of Partner: Stephen Hall

Address: 2/4 Chamberlain Street
Campbelltown
NSW 2560

Dated this 10th day of November 2011