

ORMOND SKI CLUB LIMITED
ABN 75 004 765 753

FINANCIAL REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2010

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ORMOND SKI CLUB LIMITED
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DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 November 2010.

Directors

The names of the directors in office at any time during or since the end of the financial year are:

Megan Casey (President)
Thomas Nairn
Rohan Hodges
Geoff Markley
Pip O'Donnell
Ross Cutler
Virginia Spring
Katherine Seal

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

Operating Results

The profit of the company for the financial year ended amounted to \$72,017 (2009: \$36,822).

Review of Operations

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity being the provision of skiing facilities for members.

Significant Changes in State of Affairs

No significant changes in the state of affairs of the company occurred during the financial year.

Principal Activity

The principal activity of the company during the financial year was the provision of skiing facilities for members.

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

After Balance Date Events

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

Likely Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Directors' and Executive Officers' Remuneration

The company policy is that all directors and executive positions are honorary and no remuneration is paid or payable since the start of the financial year.

DIRECTORS' REPORT

(Continued)

Information on Directors

The information on directors is as follows:

Megan Casey

- Qualifications – BSc (Hons), LLB (Hons), GDip (App Fin Inv) (Sec Inst), Trade Marks Attorney
- Experience – Solicitor, Previous Director OSC
- Special Responsibility – President

Thomas Nairn

- Qualifications - Adv Dip Inv, Dip Business
- Experience – Police Officer
- Special Responsibility – Secretary

Rohan Hodges

- Qualifications – B. Eng.
- Experience – Engineer
- Special Responsibility – Treasurer

Ross Cutler

- Qualifications – BVSc (PhD)
- Experience – Veterinarian
- Special Responsibility – Newsletter (Editor)

Pip O'Donnell

- Qualifications – University Student
- Experience – Ski Instructor
- Special Responsibility – Administration

Geoffrey Markley

- Qualifications – International Business (Masters), B Eng (Hons), B Comp Science, B Comm
- Experience – IT Services Project Management
- Special Responsibility – Membership and Web Site

Katherine Seal

- Qualifications – B Arts
- Experience – Manager
- Special Responsibility – Food

Virginia Spring

- Qualifications – University Student
- Experience – N/A
- Special Responsibility – Recruitment

Ashley Tuck

- Qualifications – B Eng (Mech), B Tech (Aero)
- Experience – Aircraft Structural Integrity Engineer
- Special Responsibility – Booking Officer / Food

Stuart Watson

- Qualifications – Electrical Mechanic Class'A', RCDD, OSP/WD/NTS Specialist
- Experience – Project Manager
- Special Responsibility – Maintenance

ORMOND SKI CLUB LIMITED
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DIRECTORS' REPORT

(Continued)

Company Secretary

Thomas Nairn holds the position of company secretary. His qualifications and experience have been included under Information on Directors.

Meetings of Directors

DIRECTORS

DIRECTORS' MEETINGS

	Number eligible to attend	Number attended
Thomas Nairn	5	4
Megan Casey	5	5
Rohan Hodges	5	3
Geoff Markley	5	5
Pip O'Donnell	5	3
Ross Cutler	5	2
Virginia Spring	5	3
Katherine Seal	5	3
Ashley Tuck	4	4
Stuart Watson	4	3

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

Indemnification of Officer or Auditor

No indemnities 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.

Proceedings on Behalf of the 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 company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

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

Director _____

Director _____

Dated this day of 2011

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
ORMOND SKI CLUB LIMITED**

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

- i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**BENTLEYS MELBOURNE PARTNERSHIP
CHARTERED ACCOUNTANTS**

**GORDON ROBERSTON
PARTNER**

Dated in Melbourne on this day of 2011

ORMOND SKI CLUB LIMITED
ABN 75 004 765 753

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2010

	Notes	2010 \$	2009 \$
Revenue	2	197,490	187,972
Depreciation and amortisation expenses		(22,569)	(41,769)
Borrowing costs expense		(290)	-
Food & supplies expense		(28,609)	(37,544)
Rent expense		(11,375)	(11,900)
Repair & maintenance expense		(10,733)	(3,460)
Gas & Electricity expense		(12,645)	(12,220)
Insurance expense		(8,329)	(9,350)
Site service charge expense		(20,263)	(21,369)
Other expenses		(10,660)	(13,538)
Profit before income tax	3	72,017	36,822
Income tax expense	1(a)	-	-
Profit for year		72,017	36,822
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		72,017	36,822

The accompanying notes form part of these financial statements.

ORMOND SKI CLUB LIMITED
ABN 75 004 765 753

BALANCE SHEET
AS AT 30 NOVEMBER 2010

	Notes	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	221,319	136,406
Trade and Other Receivables	5	13,095	8,654
Other Current Assets	6	2,731	2,105
TOTAL CURRENT ASSETS		<u>237,145</u>	<u>147,165</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	496,015	511,093
TOTAL NON-CURRENT ASSETS		<u>496,015</u>	<u>511,093</u>
TOTAL ASSETS		<u>733,160</u>	<u>658,258</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	14,031	11,146
TOTAL CURRENT LIABILITIES		<u>14,031</u>	<u>11,146</u>
TOTAL LIABILITIES		<u>14,031</u>	<u>11,146</u>
NET ASSETS		<u>719,129</u>	<u>647,112</u>
EQUITY			
Reserves	9	739,154	739,154
Accumulated losses		<u>(20,025)</u>	<u>(92,042)</u>
TOTAL EQUITY		<u>719,129</u>	<u>647,112</u>

The accompanying notes form part of these financial statements.

ORMOND SKI CLUB LIMITED
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STATEMENT OF CHANGES IN EQUITY
AS AT 30 NOVEMBER 2010

	Asset Revaluation Reserve \$	General Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 December 2008	682,083	350,871	(128,864)	904,090
Total comprehensive income for the year				
Asset revaluation decrement	(293,800)	-	-	(293,800)
Profit for the year	-	-	36,822	36,822
Balance at 30 November 2009	<u>388,283</u>	<u>350,871</u>	<u>(92,042)</u>	<u>647,112</u>
Total comprehensive income for the year				
Profit for the year	-	-	72,017	72,017
Balance at 30 November 2010	<u>388,283</u>	<u>350,871</u>	<u>(20,025)</u>	<u>719,129</u>

The accompanying notes form part of these financial statements.

ORMOND SKI CLUB LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 NOVEMBER 2010

	Notes	2010 \$	2009 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		208,435	204,810
Payments to suppliers		(119,694)	(122,985)
Interest received		3,953	3,349
Borrowing costs		(290)	-
Net cash provided by operating activities	10	<u>92,404</u>	<u>62,537</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		<u>(7,491)</u>	<u>(4,565)</u>
Net cash used in investing activities		<u>(7,491)</u>	<u>(4,565)</u>
Net increase in cash held		84,913	80,609
Cash at beginning of financial year		<u>136,406</u>	<u>55,797</u>
Cash at end of financial year	4	<u>221,319</u>	<u>136,406</u>

The accompanying notes form part of these financial statements.

ORMOND SKI CLUB LIMITED
ABN 75 004 765 753

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for Ormond Ski Club Limited as an individual entity. Ormond Ski Club is a company limited by guarantee, incorporated and domiciled in Australia.

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They 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 of fair value of selected non-current assets, financial assets and financial liabilities.

(a) Income tax

The company is a not-for-profit sporting organisation and exempt from income tax.

(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.

Property

Buildings are shown 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 a periodic, but at least triennial, valuation by external independent valuers, less subsequent depreciation.

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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.

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 consolidated company 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.

ORMOND SKI CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, Plant and Equipment (continued)

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

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings	4 %	Straight Line
Plant and equipment	15 %	Straight Line
Furniture and fixtures	20 %	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 or losses are included in the income statement.

(d) Leases

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

Initial recognition and measurement

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

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

Classification and Subsequent Measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial Instruments (continued)

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Financial liabilities

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

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired.

(f) Impairment of Assets

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

(h) Revenue

Revenue from lodge fee and subscriptions is recognised upon the delivery of service to customers.

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

Other revenue is recognised when the right to receive the revenue has been established.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Comparative Figures

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

(k) 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.

Key estimates – Property Valuation

The property at Ormond Ski Lodge, Higgi Drive, Mount Hotham is a 34 year leasehold interest from the Mount Hotham Resort Management Board expiring on 31 October 2013. The director's valuation of \$500,000 is based on comparable sales of properties in the Victorian Alps and on the assumption that the Resort Management Board will grant an extension of the lease, or a new lease, upon terms and conditions that are commercially acceptable in the market place.

(l) Adoption of New and Revised Accounting Standards

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

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of Ormond Ski Club Limited.

AASB 101: Presentation of Financial Statements

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

Disclosure impact

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

Reporting changes in equity — The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods

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

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities, and clarifies the definition of a 'related party' to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the company.

- AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009–5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These Standards detail numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. No changes are expected to materially affect the company.

- AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

This Standard clarifies the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the company.

- AASB 2009–9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This Standard specifies requirements for entities using the full-cost method in place of retrospective application of Australian Accounting Standards for oil and gas assets and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4, when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the company.

- AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

This Standard clarifies that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments are not expected to impact the company.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the company.

- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This Standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Standard is not expected to impact the company.

- AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing from 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably, in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the company.

The company does not anticipate early adoption of any of the above Australian Accounting Standards.

ORMOND SKI CLUB LIMITED
ABN 75 004 765 753

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

	Notes	2010 \$	2009 \$
NOTE 2: REVENUE			
Sales revenue			
- lodge fees & subscriptions		193,537	184,623
Other revenue			
- interest	2(a)	3,953	3,349
		197,490	187,972
 (a) Interest from:			
- other persons		3,953	3,349
 NOTE 3: PROFIT BEFORE FOR INCOME TAX			
 (a) Expenses:			
Bad debts written off:			
- members		-	3,410
Depreciation of non-current assets:			
- Building, Plant and equipment		22,569	41,769
Rental expense on operating leases			
- minimum lease payments		11,375	11,900
Remuneration of the auditors for:			
- audit or reviewing the financial report		3,500	3,400
 NOTE 4: CASH AND CASH EQUIVALENTS			
CURRENT			
Cash at bank		221,319	136,406
 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 balance sheet as follows:			
Cash at bank		221,319	136,406

ORMOND SKI CLUB LIMITED
ABN 75 004 765 753

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

	Notes	2010 \$	2009 \$
NOTE 5: TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade Receivables		8,031	7,317
Other Receivables		5,064	1,337
		13,095	8,654

(a) Provision for impairment of receivables

Current trade receivables are non-interest bearing loans and generally on 90-day terms. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. Where applicable these amounts have been included in the other expenses item.

(b) Credit Risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the company is considered to relate to the class of assets described as 'trade and other receivables'.

The following table details the Company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

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

	Gross amount \$	Past due but not impaired Past due (days overdue)				Within initial trade terms \$
		Past due and impaired \$	< 30 \$	31-60 \$	61-90 \$	
2010						
Trade receivables	8,031	-	-	-	-	- 8,031
Other receivables	5,064	-	-	-	-	- 5,064
Total	13,095	-	-	-	-	- 13,095
2009						
Trade receivables	7,317	-	-	-	-	5,000 2,317
Other receivables	1,337	-	-	-	-	- 1,337
Total	8,654	-	-	-	-	5,000 3,654

ORMOND SKI CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

	2010	2009
	\$	\$
NOTE 6: OTHER CURRENT ASSETS		
Prepayments	2,731	2,105

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

LAND AND BUILDINGS

At directors' valuation in 2009	500,000	500,000
Less accumulated depreciation	(20,000)	-
Total land and buildings	480,000	500,000

FURNITURE & FITTINGS

Furniture, fixtures and fittings		
At cost	54,716	47,225
Less accumulated depreciation	(38,701)	(36,132)
	16,015	11,093
Total property, plant and equipment	496,015	511,093

Movements in carrying amounts

2010

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

	Land and Buildings	Furniture, Fixtures and Fittings	Total
	\$	\$	\$
Balance at beginning of the year	500,000	11,093	511,093
Additions	-	7,491	7,491
Depreciation expense	(20,000)	(2,569)	(22,569)
Carrying amount at end of year	480,000	16,015	496,015

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

NOTE 7: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and Buildings	Furniture, Fixtures and Fittings	Total
2009	\$	\$	\$
Balance at beginning of the year	833,000	9,097	842,097
Additions	-	4,565	4,565
Depreciation expense	(39,200)	(2,569)	(41,769)
Revaluation Decrement	(293,800)	-	(293,800)
Carrying amount at end of year	<u>500,000</u>	<u>11,093</u>	<u>511,093</u>

The fair market value of the leasehold interest in the land and buildings as of 30 November 2010 is deemed to be \$480,000. Refer to Note 1(k) for director's judgements and estimates used in the property valuation.

	Notes	2010 \$	2009 \$
NOTE 8: TRADE AND OTHER PAYABLES			
CURRENT			
Trade payables		10,667	7,746
Sundry creditors and accruals		3,364	3,400
		<u>14,031</u>	<u>11,146</u>

NOTE 9: RESERVES

Asset revaluation reserve	9 (a)	388,283	388,283
General reserve	9 (b)	350,871	350,871
		<u>739,154</u>	<u>739,154</u>

(a) The asset revaluation reserve records revaluation of buildings.

(b) The general reserve was used in prior years to record amounts set aside to fund the future expansion of the company.

(c) Movement in Asset revaluation reserve

Opening Balance		388,283	682,083
Transfer to General Reserve		-	-
Movement during the year		-	(293,800)
Closing Balance		<u>388,283</u>	<u>388,283</u>

(d) Movement in General reserve

Opening Balance		350,871	350,871
Transfer from Asset revaluation reserve		-	-
Closing Balance		<u>350,871</u>	<u>350,871</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

	Notes	2010 \$	2009 \$
NOTE 10: CASH FLOW INFORMATION			
Reconciliation of cash flow from operations with profit for the year :			
Profit after income tax		72,017	36,822
Non-cash flows in profit			
Depreciation		22,569	41,769
Bad debts written off		-	3,410
Changes in assets and liabilities			
(Increase)/decrease in receivables and prepayments		(5,067)	2,890
(Increase)/decrease in inventory		-	1,500
Increase/(decrease) in payables		2,885	(1,217)
Cash flows from operations		92,404	85,174

Non-cash financing and investing activities

During the financial year, there is no non-cash financing and investing activities.

Credit standby arrangement and loan facilities

During the financial year, there are no credit standby arrangement and loan facilities.

NOTE 11: RELATED PARTY TRANSACTIONS

The company received the majority of its revenue from members on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties are as follows:

	\$ Lodgement fees:	\$ Membership fees:
Thomas Nairn	2,686	483
Megan Casey	1,514	390
Rohan Hodges	978	690
Geoff Markely	832	260
Ross Cutler	1,459	461
Katherine Seal	233	260
Ashley Tuck	223	-
Stuart Watson	2,964	870

NOTE 12: KEY MANAGEMENT PERSONNEL COMPENSATION

The names of the directors of the company who have held office during the financial year are:

- Megan Casey
- Thomas Nairn
- Rohan Hodges
- Geoff Markley
- Pip O'Donnell
- Ross Cutler
- Virginia Spring
- Katherine Seal
- Ashley Tuck
- Stuart Watson

No directors have received or entitled to receive any remuneration or retirement benefits as at year end.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

NOTE 13: FINANCIAL INSTRUMENTS

(a) Financial Risk Management

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

i. Treasury Risk Management

The directors of the company meet on a regular basis to analyse currency and interest rate exposure 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 and liquidity risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. For further details on interest rate risk refer to Note 14 (b).

Foreign currency risk

The company does not have any material foreign currency risk exposure to any single foreign currency.

Liquidity risk

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

- ensuring that adequate working capitals are maintained;
- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

The company does not have any material liquidity risk exposure,

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 classes of financial assets and financial liabilities, is as follows:

	Weighted Average		Floating Interest Rate		Non interest bearing		Total	
	Effective Interest Rate							
	2010	2009	2010	2009	2010	2009	2010	2009
	%	%	\$	\$	\$	\$	\$	\$
Financial Assets								
Cash	4.15	3.88	221,319	136,406	-	-	221,319	136,406
Trade and other receivables			-	-	13,095	8,654	13,095	8,654
Total Financial Assets:			221,319	136,406	13,095	8,654	234,414	145,060
Financial Liabilities:								
Trade and other payables	-	-	-	-	14,031	11,146	14,031	11,146
Total Financial Liabilities:			-	-	14,031	11,146	14,031	11,146

ORMOND SKI CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

NOTE 13: FINANCIAL INSTRUMENTS (CONTINUED)

(c) Net Fair Value

Fair value estimation

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

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

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

Details of aggregate net fair value and carrying amounts of financial assets and financial liabilities at balance date:

	Footnote	2010		2009	
		Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial assets					
Cash and cash equivalents	(i)	221,319	221,319	136,406	136,406
Trade receivables	(i)	13,095	13,095	8,654	8,654
Total		234,414	234,414	145,060	145,060
Financial liabilities					
Trade and other payables	(i)	14,031	14,031	11,146	11,146
Total		14,031	14,031	11,146	11,146

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

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value.

(d) Sensitivity Analysis

Interest Rate Risk

The company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The directors do not consider this to be a significant risk to the business and therefore this analysis is not disclosed.

NOTE 14: MEMBERS' GUARANTEE AND MEETINGS

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is not required to contribute towards meeting any outstanding obligations of the company. At 30 November 2010 the number of members was 344 (2009: 341).

At members' meetings each member is entitled to one vote on a show of hands.

ORMOND SKI CLUB LIMITED
ABN 75 004 765 753

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

NOTE 15: SEGMENT REPORTING

The company operates predominantly in one business and geographical segment being the provision of skiing facilities for members in Australia.

NOTE 16: CAPITAL MANAGEMENT

Management control the capital of the company in order to maintain a good debt-to-equity ratio and to ensure that the company can fund its operations and continue as a going concern. The company's debt and capital includes financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manage the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

There have been no changes in the strategy adopted by management to control the capital of the company since the prior year. This strategy is to ensure that there is sufficient cash to meet trade and sundry payables and borrowings.

The gearing ratio's for the year ended 30 November 2010 and 30 November 2009 are as follows:

	2010 \$	2009 \$
Trade and other Payables	14,031	11,146
Less cash and cash equivalents	<u>(221,319)</u>	<u>(136,406)</u>
Net debt	(207,288)	(125,260)
Total equity	<u>719,129</u>	647,112
Total capital	<u>511,841</u>	521,852
Gearing ratio	N/A	N/A

NOTE 17: CAPITAL & LEASING COMMITMENTS

(a) Operating Lease Commitments

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

	2010 \$	2009 \$
Payable		
- not later than 1 year	14,065	13,655
- later than 1 year but not later than 5 years	<u>42,194</u>	<u>54,620</u>
	<u>56,259</u>	68,275

Ormond Ski Lodge, Higgi Drive, Mount Hotham is a leasehold interest from the Mount Hotham Resort Management Board for 34 years, expiring on 31 October 2013. Rent is payable monthly in advance.

NOTE 18: COMPANY DETAILS

The registered office of the company is:
11 Charman Rd
Beaumaris VIC, 3193

The principal place of business is:
Ormond Ski Lodge
Higgi Drive
Mt Hotham VIC, 3741

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORMOND SKI CLUB LIMITED

We have audited the accompanying financial report of Ormond Ski Club Limited, which comprises the balance sheet as at 30 November 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration

Directors' 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) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial 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 judgement, 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*, provided to the directors of Ormond Ski Club Limited on 5 March 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OROMOND SKI CLUB LIMITED (Continued)**

Auditor's Opinion

In our opinion the financial report of Ormond Ski Club Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 November 2010 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

**BENTLEYS MELBOURNE PARTNERSHIP
CHARTERED ACCOUNTANTS**

**GORDON ROBERTSON
PARTNER**

Dated in Melbourne on this day of 2011

ORMOND SKI CLUB LIMITED
ABN 75 004 765 753

DETAILED INCOME AND EXPENSE STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2010

	2010 \$	2009 \$
INCOME		
Sales income	193,537	184,623
Interest Income	3,953	3,349
	<u>197,490</u>	<u>187,972</u>
LESS EXPENSES		
Audit fee	3,500	3,400
Bank charges	290	424
Bad Debts	-	3,410
Depreciation	22,569	41,769
Electricity	1,718	1,286
Firewood	2,080	2,000
Gas	12,645	10,934
Food & supplies	28,609	37,544
Insurance	8,329	9,350
Licensing fees	833	304
Printing and stationery	458	796
Site Service Charge	20,263	21,369
Rent	11,375	11,900
Repairs and maintenance	10,733	3,460
Rates and taxes	425	445
Sundry expenses	856	1,712
Telephone	790	1,047
	<u>125,473</u>	<u>151,150</u>
TOTAL EXPENSES		
PROFIT FOR THE YEAR	<u>72,017</u>	<u>36,822</u>

These financial statements should be read in conjunction with the attached Disclaimer.