



Welcome

The importance of Clubs in our communities is never more evident than at this time of year when members and guests share the spirit of the festive season. After a challenging year, we hope that your function rooms and restaurants are fully booked and your bars are doing a brisk trade.

It's been our pleasure to work with many of you to achieve positive outcomes through these difficult times.

We wish you all the best for Christmas and look forward to assisting you in the New Year.

Ian Neale
PARTNER

ClubsNSW

INDUSTRY SUPPORTER 2010-2011

in this issue...

When the going gets tough the fraudsters get going

How is your club performing?

Did you know...

When the going gets tough the fraudsters get going

The current economic situation means that many are doing it tough. And the unpleasant truth is that the tougher it gets, the more likely it is that people in your organisation will resort to fraud to alleviate their financial problems.

In our experience, fraud most often occurs when a person sees an opportunity and can rationalise their actions to themselves because of an external pressure. Then what starts out as an opportunistic one-off can quickly become a vicious cycle.

Recent surveys on fraud in the Club sector reveal some thought-provoking insights, including the fact that around one in five clubs have experienced some form of fraud in the past two years. This is a marked increase from previous years.

The average sum involved was around \$5,000 and the majority of incidents occurred in clubs with over one million dollars turnover. Most identified poor internal controls as a key issue in their failure to detect fraudulent activity.

Interestingly, many of those clubs affected by fraud acknowledged that they had ignored warning signs.

So putting it all together, what have we got?

Firstly, fraud is hurting an increasing number of clubs. Secondly, while most are aware of the danger, few are taking positive action to mitigate the risk.

Finally, even if controls are in place, they're often ineffective. And from a risk management point of view, that's the crux of the matter.

A weak internal control environment is the fraudsters' playground, making it all too easy for even your most trusted staff to rationalise an illegal act. You need to ensure that your internal controls are as robust as possible.

That's where we can help.

We've developed a special **Fraudbuster Review™** to ensure that the appropriate internal controls are in place and identify those fraud controls that may be insufficient.

You can start by downloading the FREE Fraudbuster Checklist from our website.

Then If you think that your club could benefit from a review, please contact Nick Nancarrow or Ian Neale on 02 4928 8500 for a no-obligation chat.



“A weak internal control environment is the fraudsters' playground.”



How is your club performing?

% Change of Cutcher & Neale Clubs Revenue			
	Bar Revenue	Poker Machine Revenue	Total Revenue
2010 Annual Results	(0%)	(5%)	(2%)
September 10 Quarter	2%	0%	1%
December 10 Quarter	3%	9%	9%
March 11 Quarter	3%	10%	10%
June 11 Quarter	1%	1%	0%
2011 Annual Results	2%	5%	5%
September 11 Quarter	2%	5%	3%

The table above provides an analysis of our clubs bar, poker machine and total revenue when compared to the corresponding periods last year.

As indicated by the results, our clubs experienced good growth in December and March quarters, with June quarter slowing down. However, the overall results for 2011 saw an increase on 2010 of 2% for bar revenue and 5% for poker machine revenue and total revenue.

Latest results for the first quarter of the 2012 financial year have been encouraging with a 2% increase in bar revenue, 5% increase in poker machine revenue and 3% increase in total revenue when compared to the same quarter last year.



Did you know...

It's time to register with AUSTRAC Online

By 28 November 2011 all registered clubs with poker machines need to have registered with AUSTRAC their current contact details under the new *Anti-Money Laundering and Counter-Terrorism Financing Rules*.

For those clubs that have already registered you will still need to log-on during November to provide AUSTRAC with some additional information. The new rules and the subsequent online registration have been designed to assist clubs that have reporting requirements by:

- Establishing what your legal obligations are.
- Providing your club with a tailored anti-money laundering compliance report (if required).
- Keeping you up to date with legislative changes and obligations.
- Assisting with management and staff training needs.

Although clubs with 15 or less gaming machines are exempt from having an anti-money laundering program, they are still required to register with AUSTRAC to ensure that their exemption is valid.

Go to www.austrac.gov.au for registration or contact our office if you require assistance.



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