

Old Bar Beach Bowling Club Ltd
2011
Annual Report



OLD BAR BEACH BOWLING CLUB LIMITED

A.C.N. 001 068 104

NOTICE OF ANNUAL GENERAL MEETING

The ANNUAL GENERAL MEETING of MEMBERS of the Old Bar Beach Bowling Club Limited will be held in the Auditorium of Club Old Bar,
1 Belford Street, Old Bar
on
Sunday 23rd October 2011
commencing at 9.30 a.m.

The order of business at the Annual General Meeting shall be:

- 1) Confirmation of the minutes of the Last Annual General Meeting
- 2) Consideration of Special Resolutions of which due notice has been given.
- 3) Consideration of the Annual Report and Balance Sheet, Statement of Account and Auditors Report
- 4) Consideration of allowances and benefits for Office Bearers
- 5) To declare the result of the Ballot for Directors.
- 6) General Business

NOMINATIONS FOR OFFICE BEARERS:

Members are advised that nominations for Office Bearers shall close on Wednesday the 12th of October, 2011 at 6pm. Nomination Forms are available from the Secretary Manager, Bar Supervisors or the Office of the Club. Completed forms shall be signed by the Nominee, the Proposer and Seconder, all of whom shall be Members of the club and lodged with the Secretary Manager.

VOTING NOTICE

Voting shall take place at Club Old Bar and Taree West Bowling Club as follows:

Saturday 15th October 2011	4pm---6pm
Sunday 16th October 2011	4pm---6pm
Monday 17th October 2011	4pm---6pm
Tuesday 18th October 2011	4pm---6pm
Wednesday 19th October 2011	4pm---6pm
Thursday 20th October 2011	4pm---6pm
Friday 21st October 2011	4pm---6pm

In accordance with the ClubsNSW Code Of Conduct, all individuals nominating for the Board of Directors who are not current members of the Board are required to attend a Pre-Nomination seminar as a pre-condition to acceptance of their nomination. This seminar is to be held on Wednesday 5th October 2011 at Club Old Bar commencing at 7.30pm.

No member who is a servant of the Club shall be entitled to vote.

FORTY FIFTH ANNUAL REPORT AND BALANCE SHEET 2011

Old Bar Beach Bowling Club Limited
1 Belford Street, Old Bar, NSW, 2430

ABN 98 001 068 104

Board of Directors at 30th June 2011

Senior Vice President/Chairman	Malcolm Ladmore
Junior Vice President	Joan Hinton
Treasurer	George Wagener
Directors	Marko Pendelj Trevor Wisemantel Clare Horrocks Pamela Johnson Roy Meguyer

Patron Robert Lauder

Life Members	John Franklin	Ross Bailey
	Edward Baldwin	Henry Wilson
	Andy Gilbert	Roy Lewis
	Raymond Cavanagh	Robert Lauder
	Irene Dobbs	Matt Everingham
	Flo Evans	George Wagener
	George Shreeve	Len Cuell
	Doreen Street	Beryl Bradfield
	Beatrice Gould	

Bankers National Australia Bank, Taree
Westpac, Taree
St. George Bank, Taree (ATM)

Legal Pigott Stinson
Stacks

Auditor Manning Tax and Business Consultants

Management	Tony Jones	General Manager
	Kim White	Assistant Manager
	Tim McAlister	Site Manager Taree West
	Troy Roesse	Duty Manager
	Josh Robards	Duty Manager
	Greg Riding	Head Chef
	Kim Munday	Functions Manager

Consideration of Special Resolution of which due notice has been given:

Notice of Special Resolution for Annual General Meeting

Notice is hereby given that at the Annual General Meeting of Old Bar Beach Bowling Club Limited to be held on 23rd October 2011 commencing at the hour of 9.30am at the premises of the Club, 1 Belford St, Old Bar, New South Wales the members will be asked to consider and if thought fit pass the following resolution which is proposed as a Special Resolution:

Special Resolution

That the constitution of Old Bar Beach Bowling Club Limited be amended with effect from and for the purposes of the Annual Meeting in 2012 and thereafter as follows:

- a) By **inserting** into rule 2 (a) the following definition (in alphabetical order):
“Biennial General Meeting” means the Annual Meeting of the Club held after 2012 and each Annual Meeting of the Club held every two (2) years thereafter.”
- b) by deleting Rule 51(a) which provides:
“a) The Board shall be elected at an election at which a majority of Full members of the Club are entitled to vote.”

And in its place **inserting** the following new Rule 51(a):

“a) The Board shall be elected biennially at an election at which a majority of Full members of the Club are entitled to vote.”

- c) by **deleting** the opening paragraph of Rule 52 which provides as follows:
“The election of members of the Board shall take place annually in the following manner:”

and in its place **inserting** the following paragraph:

The election of members of the Board shall take place biennially in the following manner.”

- d) by **deleting** the words “Annual” from Rules 51(b), 52(b), 52(e)(i), 52(e)(ii), 52(j), 52(q), 52(t) and Rule 73 and in each case **inserting** in its place the word “Biennial”.
- e) By **deleting** Rule 77 which provides:
“77. The ordinary business of any Annual General Meeting shall be to receive and consider the reports prescribed by Section 317 of the Act and elect in the manner hereinbefore provided the members of the Board and subject to the Act to appoint an auditor or auditors.”

And in its place **inserting** the following new Rule 77:

*“77. The ordinary business of any Annual General Meeting shall be:
a) to receive and consider the reports prescribed by Section 317 of the Act;
b) subject to the Act to appoint an auditor or auditors;
c) In the case of a Biennial General Meeting to elect in the manner provided in this constitution the members of the Board.”*

Dated: 8th September 2011

By Direction of the Board
Anthony Jones
Chief Executive Officer

NOTES TO MEMBERS

1. If passed, the Special Resolution will introduce the biennial election of the Board. That is, the entire Board hold office for two (2) years before retiring and being required to seek re-election.
2. The biennial election of the Board will take effect from and for the purpose of the Annual General Meeting to be held in 2012 and thereafter. This means that the directors elected to the office in 2012 will have a two year term as will every subsequent Board of Directors.
3. The *Registered Clubs Act* was amended to permit the biennial election of boards of registered clubs in order to provide stability in the governance of clubs and to allow new directors a longer period of time to better learn and understand their duties and the operations of the Club before being required to stand again for election.
4. If a casual vacancy arises in the Board under the biennial system, the Board is still able to fill that vacancy but the person so appointed will hold office until the next Biennial General Meeting of the Club and not simply until the next Annual General Meeting of the Club.
5. Even though the Board will be elected every two (2) years there will still be an Annual General Meeting each year and the rights of members to request at any time a general meeting to remove a director or directors from office and appoint a new director or new directors in their place remain unaffected by this new system.
6. To be passed the Special Resolution requires votes from not less than three quarters of those members who being eligible to do so vote in person on the Special Resolution at the meeting.
7. Life members, Club members and Honorary Life members shall be the only members of the Club eligible to vote on the Special Resolution.
8. Under the Registered Clubs Act employees of the Club who are members are not permitted to vote and proxy voting is not permitted.
9. The Special Resolution must be considered and voted on as a whole and amendments from the floor of the meeting (other than minor typographical corrections which do not change the substance or effect of the Special Resolution) will not be permitted.
10. The Board of the Club recommends the Special Resolution to members.

Dated: 8th September 2011

By direction of the Board
Anthony Jones
Chief Executive Officer

Consideration of Allowances and Benefits for Office Bearers:

That pursuant to the Registered Club Act.

- A: The Members hereby approve expenditure by the Club of a reasonable sum for professional development and education of Directors and Management over the next twelve months, including:
- (i) The reasonable cost of travel, accommodation and food for Directors and Management attending at the Registered Clubs Association Annual General Meeting.
 - (ii) The reasonable cost of travel, accommodation and food for Directors and Management attending Seminars, Lectures, Trade Displays, Organised Study Tours, Fact Finding Tours and other similar events as may be determined by the Board from time to time.
 - (iii) The reasonable cost of Directors and Management attending other Clubs for the purpose of observing their facilities and methods of operation.
 - (iv) Attendance at functions with spouses where appropriate and required, to represent the Club.
 - (v) The reasonable expenditure for beverage for each Director and Management at the conclusion of Board Meetings.
 - (vi) That should the Board resolve that a uniform is required for Directors, that this uniform will be provided at Club expense.
- B: The Members acknowledge that the benefits are not available to members generally, but only those who are Directors or Management of the Club.

CHAIRMAN'S ANNUAL REPORT

Fellow members, whilst my role as Chairman for the past 6 months has been extremely enjoyable, I was disappointed that Robert Nicholls was unable to complete his presidential term due to his relocation. Robert is to be commended for a job well done.

We are most fortunate in our business to be blessed with a very competent and efficient management team. Both businesses are humming along because of the dedication of our management, often completing hours well above the required number. Because of this we have been able to deliver a profit which I am sure members would be grateful for in these most difficult economic times. A huge thank you must also go to all other staff who are passionate about their work and very aware of the customer care needed to maximise the returns for the business. I often stand back and exude pride and satisfaction in observing the operation of the business.

An area of great satisfaction in our business, has been the ongoing heavy bookings for functions at both Taree West and Old Bar, thanks to the dedication of management and staff. Development at Taree West will assist in the consolidation of this aspect of our business. With the downturn in the gaming section, it has been a real grind moving forward.

Special thanks go to my fellow board members, who continually dedicate a lot of their free time fine tuning the necessary strategies as we head into an often uncertain future. Remember, all their work is voluntary, but they all have the same desire and pride in providing the best possible facilities for the community in which they live.

In conclusion, I implore all members at Old Bar and Taree West to consider their current level of support of the clubs, and if and where possible make better use of the facilities which are provided for your benefit. As a retiree and father of course I do realise the constrictions placed on our discretionary

spending by this awkward period in our country's history. My sincere thanks to all those members whose continued support is the foundation of the business going forward.

Malcolm Ladmore

TREASURERS REPORT

The financial year ending 30th June 2011 proved to be a very trying period for Old Bar Beach Bowling Club Ltd.

Although Club Old Bar and Taree West traded strongly, poker machine revenue declined at both sites. The Global financial crisis and rising cost of living, including electricity prices have caused a downturn in the amount members can spend. Also during this period the club's costs have risen significantly.

There is also a lot of uncertainty over the Wilkie/Gillard deal on poker machines mandatory pre-commitment. If Mr Wilkie gets his way, clubs will cease to exist.

The TAB room and outdoor poker machine areas at Old Bar are completed and appear to be a hit with members. The Club plans to have the outdoor gaming area at Taree West completed shortly and we are still fine tuning the catering at Taree West.

As usual we have supported as many local organisations as possible.

The Club's loan has been paid off and the organisation is debt free.

Surplus: \$57,715

Revenue: \$4,571,265

Expenses: \$3,875,471

Depreciation/Amortisation: \$535,650

Donations, Sponsorship and Community Support: Over \$111,200

Members Amenities: \$96,330

Thank you to the Treasurers of the in-house clubs for your efforts and co-operation.

My congratulations to the General Manager Tony Jones and his team for their efforts, and without their professionalism we would not be in the sound position we are in today.

Thank you to the board for your help and support.

Any financial Member of the Club attending the Annual Meeting who needs clarification of any matter appertaining to the Financial Statements contained herein, please give your questions to the General Manager no later than 6th October 2011, so that your query may be answered fully.

George Wagener.

MANAGERS REPORT

I am pleased to report to members that despite a severe downturn in the economy the club has had a successful year in terms of profit and achievements.

The year has been difficult, as the many challenges the club has faced have been outside our area of control. Businesses, on a local, national and global scale are going through a period of upheaval and uncertainty, to which our club is not immune.

The Club's position is considered sound with positive cash flow and accumulated reserves, this should enable the club to ride out the volatility and uncertainty of the next few years.

Our dedicated team has worked extremely hard to minimise the effect of the downturn and continue to focus on recovering the lost revenue.

Club Old Bar confirmed its reputation as a quality club when it won the two categories entered in the 2011 Clubs NSW Awards for Excellence, Best Club Entertainment and Outstanding Community Service Award.

The Club movement is fighting hard against the Gillard/Wilkie proposed mandatory pre-commitment legislation for poker machines.

If the proposed poker machine "reforms" go ahead, it will be the end of most clubs and pubs in Australia including ours.

At a recent meeting of the local registered clubs, every club without exception stated that they would not survive, if this poker machine legislation is adopted.

Tasmanian, Andrew Wilkie who received less than 14,000 votes in the last election, has threatened to send Australians back to the polls if the Gillard government does not back his plan.

It is a poorly thought out "reform" and problem gambling academics have warned the Federal Government that mandatory pre-commitment will not help problem gamblers.

At our Clubs, this poor policy will lead to the loss of 50 staff, and the loss of jobs for our contractors and suppliers.

Can you imagine life without clubs? No sporting facilities, no golf, no bowls. No place to meet and enjoy friendships and activities. No sponsorship of local sporting groups - (who else will sponsor these clubs?) No support for community groups. No place to hold the big events in the life of members; no weddings, anniversaries, birthday parties or Christmas parties etc. No affordable entertainment.

I would encourage and appreciate it if all members would contact our federal member and voice their concerns on this matter.

The Hon Rob Oakeshott
Independent MP for Lyne
PO Box 1112, PORT MACQUARIE NSW 2444 Telephone: 6584-2911

I would like to take the opportunity to thank the Board and the Staff who have continued to work extremely hard throughout the year under difficult circumstances.

And again my gratitude goes to the members who look at the big picture and put community before themselves, who take great pride in our achievements and join with the Club as we strive to never accept mediocrity, accept the challenges before us and endeavour to achieve greatness in the future.

Tony Jones
General Manager

Old Bar Beach Bowling Club Limited ABN 98 001 068 104

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 JUNE 2011.

Directors

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

R. Meguyer	R. Nicholls	Retired 21/04/2011
M. Ladmore	J. Hinton	
G. Wagener	C. Horrocks	
M. Pendelj	P. Johnson	
T. Wisemantel		

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

Company Secretary

Mr Anthony Jones held the position of Company Secretary as at the end of the financial year. Mr Jones was appointed Company Secretary on 8th January 1997 and has held the position since that time.

Description of company

This report covers the single entity Old Bar Beach Bowling Club Limited a public company limited by guarantee.

Description of objectives

The principal objectives of the company, outlined in more detail in the company's constitution, are:

- Short-term
To promote and conduct the game of bowls and such other social and educational undertakings, sports, games, amusements and entertainments, pastimes and recreations, indoor and outdoor, as the club may deem expedient.
- Long-term
To acquire, construct, establish, provide, maintain and conduct social, educational and sporting facilities, playing areas and grounds as the Club may determine and to construct, provide, establish, furnish and maintain clubhouses and other buildings containing such amenities, conveniences and accommodation either residential or otherwise as the Club determines as expedient to fulfil its core objects.

DIRECTORS' REPORT

Strategy for achieving those objectives

To achieve these objectives, the company has adopted the following strategies:

- To ensure the financial stability of the club by continued financial management.
- To promote and hold either alone or jointly with any other association competitions, matches and sports and to offer, give or contribute towards prizes.
- Close liaison with the Registered Clubs Association and Royal NSW Bowling Association and any other club, association or organisation formed for the purpose promoting the interests of the club and its sporting, social and other activities.
- To make donations to such persons or organisations the Club determines as conducting activities conducive to its objects.

Principal activities

The principal activity of the club during the year was operating as a licenced bowling, sporting and social club and there has been no change in that activity from the prior year.

How those activities assisted in achieving the objectives

The contribution from trading as a licensed club contributes to the significant expense of maintaining the clubhouses and bowling greens and enables bowls and other sports and pastimes to be promoted both within the club and the broader community.

Measures of performance

The company measures its performance by the following:

The company employs a functions manager to co-ordinate social and other activities. Committees and sub clubs coordinate the various sporting activities and hobbies conducted.

The company measures its financial performance by comparison of financial results to budget, last year's results and key financial ratios such as bar gross profit percentages.

Operating Result

The profit of the company amounted to \$57,715. The company is not currently subject to income tax. There has been a general downturn in profitability within the club industry.

Information on Directors

Director	Experience	Special Responsibilities
R. Nicholls	Director (6 years)	President (Resigned 21/04/11)
M. Ladmore	Director (9 years)	Senior Vice President (Chairs meetings since 21/04/11)
J. Hinton	Director (7 years)	Junior Vice President
G. Wagener	Director (13 years)	Treasurer
R. Meguyer	Director (9 years)	
P. Johnson	Director (6 years)	
C. Horrocks	Director (6 years)	
M. Pendelj	Director (1year)	
T. Wisemantel	Director (1year)	

DIRECTORS' REPORT

Meetings of Directors

During the financial year 12 ordinary and 3 special meetings of directors were held. Attendances by each director during the year were as follows:

	Ordinary Meetings		Special Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended
R. Meguyer	12	12	3	2
R. Lewis	3	3	1	-
R. Nicholls	10	10	2	2
G. Wagener	12	11	3	3
M. Ladmore	12	8	3	3
C. Horrocks	12	11	3	1
P. Johnson	9	9	2	2
J. Hinton	12	11	3	2
T. Wisemantel	9	9	2	1
M. Pendelj	11	10	3	3
R. Bell	3	3	1	1

Guarantee of members

The company is a public company limited by guarantee incorporated under the Corporations Act 2001. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$4 towards meeting any outstanding obligations of the company. At 30 June 2011, the total aggregate amount members of the company were liable to contribute if the company was wound up was \$18,024 (2010: \$19,865)

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2011 has been received and can be found following the directors' report.

Rounding of Amounts

Amounts in the financial statements and directors' report have been rounded to the dollar and accordingly small rounding errors may occur.

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

G. Wagener

Director

Dated this 16th day of September 2011

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF OLD BAR BEACH BOWLING CLUB LIMITED

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.

Manning Assurance Services Pty Ltd, ABN 51 119 802 229

Registered company auditor No. 305383

Signed by:

Brian Alexander CA, B.Fin. Admin., Dip. Fin. Mgt., JP

Date: 16th September 2011

Address: 12/219 Victoria Street, Taree, NSW 2430

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Revenue	2	4,571,265	4,839,462
Other income	2	2,535	-
Cost of sales		(1,012,251)	(1,082,523)
Employee benefits expense		(1,365,411)	(1,440,106)
Depreciation and amortisation expense		(546,372)	(558,532)
Other expenses		(1,581,932)	(1,580,969)
Finance costs		(5,799)	(20,736)
Impairment of poker machine entitlements		(4,320)	-
Profit/(loss) before income tax		57,715	156,596
Income tax expense		-	-
Profit/(loss) for the year		57,715	156,596
Other Comprehensive income/ (loss)			
Net gain on revaluation of property, plant and equipment		-	-
Other Comprehensive income/ (loss) for the year		-	-
Total Comprehensive income/ (loss) for the year		57,715	156,596

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,573,884	1,380,892
Trade and other receivables	8	34,209	56,373
Inventories	9	91,257	73,382
Financial assets	10	-	-
Other current assets	12	23,331	36,261
TOTAL CURRENT ASSETS		1,722,681	1,546,908
NON-CURRENT ASSETS			
Trade and other receivables	8	-	-
Financial assets	10	-	-
Property, plant and equipment	11	8,267,257	8,405,108
Investment property		-	-
Intangible assets	13	250,685	265,725
Other non-current assets	12	-	-
TOTAL NON-CURRENT ASSETS		8,517,942	8,670,833
TOTAL ASSETS		10,240,623	10,217,741
CURRENT LIABILITIES			
Trade and other payables	14	382,522	304,692
Financial Liabilities	15	51,757	162,156
Short-term provisions	16	44,147	46,468
Other	17	4,592	6,018
TOTAL CURRENT LIABILITIES		483,018	519,334
NON-CURRENT LIABILITIES			
Trade and other payables	14	-	-
Financial Liabilities	15	-	-
Other long-term provisions	16	3,436	1,953
TOTAL NON-CURRENT LIABILITIES		3,436	1,953
TOTAL LIABILITIES		486,454	521,287
NET ASSETS		9,754,169	9,696,454
EQUITY			
Reserves	18	-	-
Retained earnings		9,754,169	9,696,454
TOTAL EQUITY		9,754,169	9,696,454

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

Note	Retained Earnings	Asset Revaluation Reserve	Other Reserves	Total
	\$	\$	\$	\$
Balance at 30 June 2009	9,539,858	-	-	9,539,858
2010 Profit/(loss) for the year	156,596	-	-	156,596
Other Comprehensive income/ (loss) for the year	-	-	-	-
Balance at 30 June 2010	9,696,454	-	-	9,696,454
2011 Profit/(loss) for the year	57,715	-	-	57,715
Other Comprehensive income/ (loss) for the year	-	-	-	-
Balance at 30 June 2011	9,754,169	-	-	9,754,169

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,520,658	4,793,745
Payments to suppliers and employees		(3,875,471)	(4,123,509)
Interest received		61,509	34,685
Finance costs		(5,799)	(20,736)
Net cash provided by (used in) operating activities	21	700,897	684,185
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		13,832	-
Purchase of property, plant and equipment		(505,288)	(167,128)
Purchase of Poker machine entitlements		-	(50,324)
Purchase of building work in progress		(100,328)	(114,287)
Building work in progress capitalised		194,278	-
(Investment)/Redemption Term Deposits		159,038	(164,038)
(Purchase)/application of other non-current assets		-	(2,637)
Net cash provided by (used in) investing activities		(238,468)	(498,414)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		54,762	-
Repayment of borrowings		(165,161)	(230,437)
Net cash provided by (used in) financing activities		(110,399)	(230,437)
Net increase/ (decrease) in cash held		352,030	(44,666)
Cash at beginning of financial year	7	1,216,854	1,261,520
Cash at end of financial year	7	1,568,884	1,216,854

The accompanying notes form part of these financial statements.

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

Note 1: Summary of Significant Accounting Policies

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 and the Corporations Act 2001.

The financial statements cover the single entity Old Bar Beach Bowling Club Limited a public company limited by guarantee, incorporated and domiciled in Australia.

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 to which they apply. Australian accounting standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending **30 June 2011**.

The financial statements were authorised for issue on **16th September 2011** by the directors of the company.

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

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

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

Accounting Policies

a. **Principal Activity**

The company operates as a licensed bowling, sporting and social club.

b. **Income Tax**

The Directors consider the company exempt from income tax under section 50-45 of the Income Tax Assessment Act 1997. This exemption applies only whilst the company remains predominantly established for the encouragement or promotion of a game or sport and satisfies the requirements of that section. As the company is subject to self assessment its tax status will be regularly reviewed.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first in first out basis.

d. **Land for Sale**

When applicable, land held for sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development are expensed. Profits are brought to account on the signing of an unconditional contract of sale.

e. **Construction Contracts and Work in Progress**

Construction work in progress is valued at cost, less any provision for anticipated future write-offs. Where write-offs are anticipated they are provided for in full.

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

Note 1: Summary of Significant Accounting Policies

f. **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

Freehold land and buildings are measured at cost.

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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. A formal assessment of recoverable amounts is made when an impairment indicator is present.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a 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 Statement of Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the 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.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.50-33.33%
Furniture and fittings	2.40-17.00%
Greens & outdoor equipment	2.10-20.00%
Office equipment	4.60-25.00%
Other plant and equipment	2.40-20.00%
Bar plant	2.50-33.33%
Catering equipment	2.40-17.00%

Keno and TAB	2.00-17.00%
Poker machines	2.10-20.00%
Motor vehicles	11.00-33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

g. **Company Limited by Guarantee**

The company is limited by a guarantee of members to contribute in the event of a winding up, a sum not exceeding \$4.00 per member. At 30 June 2011 there were 4506 members. As the company does not have share capital it cannot pay dividends.

h. **Investment Property**

When applicable investment property is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at cost. The two rented properties are not classified as investment property.

i. **Leases**

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

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

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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.

j. **Financial Instruments**

Initial recognition and measurement

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

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at 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 the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Financial assets at fair value through profit and 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, or where they are 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 fair value (ie gains or losses) being recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being 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. They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

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. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

Derecognition

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

k. Impairment of Assets

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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.

l. Affiliated Clubs

Affiliated clubs are amalgamated with the main company unless they can demonstrate financial and legal independence.

m. Interests in Joint Ventures

The company does not have any interests in joint ventures.

n. Intangibles

Poker Machine Entitlements

Purchased Poker Machine Entitlements are initially recorded at cost. They do not have finite useful lives. They are tested annually for impairment and are carried at cost less accumulated amortisation and impairment losses. No asset has been recognised for existing entitlements.

Goodwill

When applicable goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Software

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

o. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of reporting date are recognized in other payables in respect of employee service up to the reporting date. They are measured at the amounts expected to be paid when liabilities are settled.

Long service leave

Liability for long service leave is recognized in the provision for employee benefits and measured at the present value of expected future payments made in respect of services provided by employees up to the reporting date. Provision for employees with less than 10 years service has been allocated to non-current liabilities. In determining the liability for employee entitlements related on costs have also been included in the liability.

p. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

q. Cash and Cash Equivalents

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

r. Revenue

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

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

Revenue from investment properties is recognised on an accruals basis or straight-line basis in accordance with lease agreements.

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

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

s. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

t. Goods and Services Tax (GST)

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

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

u. Comparative Figures

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

v. Rounding of Amounts

Amounts in the financial statements and directors' report have been rounded off to the nearest \$1 and accordingly small rounding errors may result.

Critical Accounting Estimates and Judgments

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

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 Judgments

No specific key judgements were required in preparing the Financial Statements.

New Accounting Standards for Application in Future Periods

The Australian Accounting Standards Board 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 - This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The company has not yet determined any potential impact on the financial statements.
- AASB 124: Related Party Disclosures - No changes are expected to materially affect the Company.
- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2 - AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:
 - Tier 1: Australian Accounting Standards; and
 - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Since the company is a not-for-profit entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the company will take advantage of Tier 2 reporting at a later date.

- AASB 2009-12: Amendments to Australian Accounting Standards - The amendments are not expected to impact the company.
- AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement - This Standard is not expected to impact the company.
- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements - This Standard is not expected to impact the company.
- AASB 2010-5: Amendments to Various Australian Accounting Standards - These editorial amendments have no major impact on the requirements of the respective amended pronouncements.
- AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets - This Standard is not expected to impact the company.
- AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 - This Standard is not expected to impact the company.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets - The amendments are not expected to impact the company.
- AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters - This Standard is not expected to impact the company.
- AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters - This Standard is not expected to impact the company.

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

Note 2: Revenue & other income	Note	2011	2010
		\$	\$
Operating activities			
-	sale of goods	2,304,845	2,433,357
-	poker machine receipts	1,766,526	1,917,445
-	dividends received	-	-
-	interest received – other entities	59,915	43,347
-	government subsidies received	34,360	48,662
-	other revenue	170,502	240,290
-	contribution from sub clubs	-	-
-	rental revenue for property investment	25,327	26,047
-	services revenue-Member subscriptions	19,596	23,931
-	services revenue-Green fees (not segregated in 2010)	15,436	-
-	services revenue-Raffles (not segregated in 2010)	44,133	-
-	commissions	130,625	106,383
Total Revenue		<u>4,571,265</u>	<u>4,839,462</u>
Non-operating activities			
-	fair value gains	-	-
-	gain on disposal of property, plant and equipment	2,535	-
-	gains on disposal of non-current investments	-	-
-	gains on revaluation of investment property	-	-
Other income		<u>2,535</u>	-
Total		<u>4,573,800</u>	<u>4,839,462</u>

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

Note 3: Result for the Year

	Note	2011 \$	2010 \$
Included in the result for the year are the following items requiring specific disclosure:-			
a. Expenses			
Finance costs:			
— external		5,799	20,736
— related entities		-	-
— other related parties		-	-
Total finance costs		<u>5,799</u>	<u>20,736</u>
Increase/ (decrease) in Long Service provision		(838)	1,891
Loss on disposal of plant & equipment		-	(3,292)
Bad and doubtful debts		-	-
Rental expense on operating leases			
— minimum lease pays			
Write-off of obsolete stock		-	-
Direct property expenditure from property generating rental income		15,438	6,180
b. Significant Revenue and Expenses			
Revenue			
Nil			
Expenses			
Nil			

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

Note 4: Discontinued Operations

	Note	2011 \$	2010 \$
There were no discontinued operations during the year.		-	-

Note 5: Related Party & Key Management Disclosure

	Note	2011 \$	2010 \$
Key management personnel compensation			
Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Company			
Short-term employee benefits		284,883	286,112
Post employment benefits		-	-
Other long-term benefits		-	-
Termination benefits		-	-
Total		<u>284,883</u>	<u>286,112</u>
Related parties			
Some employees are related to the key management personnel and other management. They are employed as per the award. The aggregate amount of benefits received are as follows:-			
Short-term employee benefits		63,021	137,412
Post employment benefits		-	-
Other long-term benefits		-	-
Termination benefits		-	-
Total		<u>63,021</u>	<u>137,412</u>

Marko Pendelj, appointed as a director in July 2010, has declared an interest in possible contracts.

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

Note 6: Auditors' Remuneration

	Note	2011 \$	2010 \$
Remuneration of the auditor for:			
— auditing or reviewing the financial statements		11,930	11,450
— other services provided by related practice of auditor:			
Financial Accounting		4,475	4,260
Management Accounting		945	900
Other services		867	1,779
		6,287	6,939

Note 7: Cash and Cash Equivalents

	Note	2011 \$	2010 \$
Cash in hand		137,343	142,131
Cash at bank		94,888	194,313
Cash at bank – other		52,843	45,945
Cash at bank – Invest. Acc. at call		233,856	-
Cash at bank – Invest. Acc. < 3 months		1,054,954	998,503
		1,573,884	1,380,892

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 per Statement of Financial Position	1,573,884	1,380,892
Less: IBD's > 3 months terms	(5,000)	(164,038)
Cash per Statement of Cash flows	1,568,884	1,216,854

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

Note 8: Trade and Other Receivables

	Note	2011 \$	2010 \$
CURRENT			
Other debtors		8,796	29,355
GST on acquisitions		25,413	27,018
		34,209	56,373
No provision for impairment is deemed necessary and there is no material exposure to any single receivable.			

Note 9: Inventories

	Note	2011 \$	2010 \$
CURRENT			
At cost			
Consumables		-	-
Finished goods		91,257	73,382
		91,257	73,382

Note 10: Other Financial Assets

	Note	2011 \$	2010 \$
a. Held-to-maturity financial assets:			
— Current		-	-
— Non-current portion		-	-
— Total		-	-
b. Held-to-maturity Investments			
Comprising:			
— Interest bearing bank term deposits > 3 months terms		5,000	164,038
		5,000	164,038

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

Note 11: Property, Plant and Equipment

	Note	2011 \$	2010 \$
LAND AND BUILDINGS			
Building work in progress –at cost		82,411	178,605
Land (Old Bar Clubhouse) at cost		29,049	29,049
Land – (Taree West)		200,000	200,000
Greens – at cost		16,550	16,550
Land – (Rented Properties) – at cost		240,000	240,000
Buildings			
— at cost		7,872,105	7,613,688
Provision for depreciation		(1,462,909)	(1,266,777)
		6,409,196	6,346,911
Total Land and Buildings		6,977,206	7,011,115
PLANT AND EQUIPMENT			
Catering Plant and equipment:			
— At cost		203,675	201,506
Less Provision for depreciation		(103,321)	(87,198)
		100,354	114,308
Plant and equipment:			
— at cost		1,747,704	1,636,697
Less Provision for depreciation		(1,410,449)	(1,260,713)
		337,255	375,984
Motor vehicles			
— at cost		45,559	45,559
Less Provision for depreciation		(18,162)	(11,380)
		27,397	34,179
Office Equipment			
at cost		94,670	94,670
Less Provision for depreciation		(76,569)	(67,087)
		18,101	27,583

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

Note 11: Property, Plant and Equipment (continued)

	Note	2011 \$	2010 \$
Greens & outdoor equipment			
— at cost		676,878	674,829
Less Provision for depreciation		(275,433)	(236,008)
		401,445	438,821
Furniture & Fittings			
— at cost		631,973	604,097
Less Provision for depreciation		(429,496)	(394,283)
		202,477	209,814
Other plant & equipment			
— at cost		395,948	385,572
Less Provision for depreciation		(329,504)	(311,316)
		66,444	74,256
Poker machines –Taree West			
— at cost		399,600	363,251
Less Provision for depreciation		(323,240)	(276,411)
		76,360	86,840
Leased plant & equipment		55,584	49,092
Less Accumulated Amortisation		(9,670)	(34,250)
		50,924	14,842
Coffee shop equipment & fittings			
— at cost		74,123	74,123
Less Provision for depreciation		(64,829)	(56,757)
		9,294	17,366
Total plant & equipment		1,290,051	1,393,993
Total Property, Plant & Equipment		8,267,257	8,405,108

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

Note 11: Property, Plant and Equipment (continued)

a. Movements in Carrying Amounts

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

2011	1 July 2010	Adds	Disposals/ Transfers	Deprecia- tion	30 June 2011
	\$	\$	\$	\$	\$
Building – WIP see (b) below	178,605	100,324	196,518		82,411
Land - Old Bar	29,049				29,049
Land – Taree West	200,000				200,000
Greens	16,550				16,550
Land – rented properties	240,000				240,000
Buildings and improvements	6,346,911	258,417		196,132	6,409,196
Catering	114,308	2,169		16,123	100,354
Plant & equipment	363,732	123,262		149,736	337,255
Motor vehicles	34,179			6,782	27,397
Office Equipment	27,583			9,482	18,101
Greens & Outdoor Equipment	438,821	2,049		39,425	401,445
Furniture & fittings	209,817	27,876		35,213	202,480
Other plant	74,256	10,376		18,188	66,444
Poker machines Taree West	99,098	25,556	1,465	46,829	76,360
Leased equipment	14,842	55,584	9,832	9,670	50,924
Coffee Shop equipment	17,366			8,072	9,294
Rounding	-9				-3
TOTAL excluding WIP	8,226,503	505,289	11,297	535,652	8,184,846
TOTAL including WIP	8,405,108	605,613	207,815	535,652	8,267,257

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

Note 11: Property, Plant and Equipment (continued)

Movements in Carrying Amounts (continued)

2010	1 July 2009	Adds	Disposals/ Transfers	Deprecia- tion	30 June 2010
	\$	\$	\$	\$	\$
Building – WIP see (b) below	64,317	114,288			178,605
Land - Old Bar	29,049				29,049
Land – Taree West	200,000				200,000
Greens	16,550				16,550
Land – rented properties	240,000				240,000
Buildings and improvements	6,526,664	12,425		192,178	6,346,911
Catering	126,084	4,439		16,215	114,308
Plant & equipment	467,975	75,979	2,515	165,449	375,990
Motor vehicles	40,961			6,782	34,179
Office Equipment	31,901	5,354		9,672	27,583
Greens & Outdoor Equipment	468,437	9,610		39,226	438,821
Furniture & fittings	211,556	33,174		34,913	209,817
Other plant	91,599			17,343	74,256
Poker machines Taree West	103,185	26,147	777	41,715	86,840
Leased equipment	31,204			16,362	14,842
Coffee Shop equipment	25,823			8,457	17,366
Rounding					-9
TOTAL excluding WIP	8,610,988	167,128	3,292	548,312	8,226,503
TOTAL including WIP	8,675,305	281,416	3,292	548,312	8,405,108

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

Note 11: Property, Plant and Equipment (continued)

	2011	2010
	\$	\$
b. Carrying Amount of Plant and Equipment in the Course of Construction	82,411	178,605
Work in progress relates to the Taree West Bowling Club development plans and represents council application design fees etc. The Taree west development has been placed on hold pending the outcome of the proposed poker machine reforms. The reforms as originally envisioned would represent a major expenditure commitment for the club and potentially significantly impact on its poker machine operations which may affect the viability of the company's planned development at Taree West.		
c. Impairment losses		
No impairment losses have been recognised in respect of <u>tangible</u> property, plant & equipment.		

Core Property

For the purposes of the Registered Clubs Act all land and buildings are core property except for the two rented properties at Waterman Street.

Note 12: Other Assets

	Note	2011	2010
		\$	\$
CURRENT			
Prepayments		23,331	36,261
Deposit paid		-	-
		<u>23,331</u>	<u>36,261</u>
NON-CURRENT			
Prepayments		-	-

Note 13: Intangibles

	Note	2011	2010
		\$	\$
Poker machine entitlements at cost		362,824	362,824
Impairment loss		(162,820)	(158,500)
Carrying amount		<u>200,004</u>	<u>204,324</u>
Computer software at cost		84,396	84,396
Less: Accumulated amortisation		(33,715)	(22,995)
Carrying amount		<u>50,681</u>	<u>61,401</u>
Total Intangibles		<u>250,685</u>	<u>265,725</u>

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

Movement in written down value	Poker Machine Entitlements	Software	Other
	\$	\$	\$
Year ended 30 June 2011			
Balance at the beginning of year	204,324	61,401	-
Additions	-	-	-
Disposals	-	-	-
Amortisation charge	-	(10,720)	-
Impairment losses	(4,320)	-	-
Closing value at 30 June 2011	<u>200,004</u>	<u>50,681</u>	-

Movement in Written Down Value	Poker Machine Entitlements	Software	Other
	\$	\$	\$
Year ended 30 June 2010			
Balance at the beginning of year	154,000	68,984	-
Additions	50,324	2,637	-
Disposals	-	-	-
Amortisation charge	-	(10,220)	-
Impairment losses	-	-	-
Closing value at 30 June 2010	<u>204,324</u>	<u>61,401</u>	-

Intangible assets, other than poker machine entitlements, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Comprehensive Income.

Poker machine entitlements have been determined to have indefinite useful lives. An independent market value of poker machine entitlements was obtained as at 30 June 2011 on the basis of open market value for existing use resulting in a valuation of \$12,500 per entitlement. The decrease in value from the cost amount is primarily attributed to the decrease in demand for poker machine entitlements since the introduction of government regulations banning smoking in licensed premises and further proposed poker machine reforms.

Accordingly at balance date a total impairment loss of \$162,820 on poker machine entitlements has been recognised to date based on the above market rate. The 2011 additional impairment loss has been separately recognised in the Statement of Comprehensive Income.

Market values change depending on supply and demand.

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

Note 14: Trade and Other Payables

	Note	2011 \$	2010 \$
CURRENT			
Trade creditors		178,977	122,637
Other creditors & accruals		25,639	28,386
Accrued holiday pay		115,254	105,243
GST on Supplies		30,237	31,435
PAYG Withholdings payable		15,291	16,991
GST adjustments		17,124	-
		382,522	304,692
NON-CURRENT			
		-	-

Note 15: Financial Liabilities

		2011 \$	2010 \$
CURRENT			
<u>Unsecured liabilities</u>			
Bank overdrafts		-	-
Lease liability		-	-
		-	-
<u>Secured liabilities</u>			
Lease finance	19a	11,102	19,430
Bank overdrafts		-	-
Bank loans – other		-	-
Mortgage loans - Bank	15c	-	142,726
		11,102	162,156

Note 15: Financial Liabilities (continued)

	Note	2011 \$	2010 \$
NON-CURRENT			
<u>Unsecured liabilities</u>			
Bills of exchange and promissory notes		-	-
Lease liability		40,655	-
		40,655	-
<u>Secured liabilities</u>			
Finance Lease		-	-
Bank loans		-	-
Mortgage loans - Bank	15c	-	-
		-	-
TOTAL NON-CURRENT		40,655	-
a. Total current and non-current <u>secured</u> liabilities:			
Bank overdraft		-	-
Lease finance		51,757	19,430
Mortgage loans-Bank		-	142,726
		51,757	162,156
b. The carrying amounts of <u>non-current</u> assets pledged as security are:			
<u>First mortgage</u>			
Freehold land and buildings		6,894,795	6,832,510
Floating charge over assets		1,623,147	1,838,323
		8,517,942	8,670,833

Note 15: Financial Liabilities (continued)

Note	2011 \$	2010 \$
c. The bank mortgage loans were secured by:		
— registered first mortgage over club property		
— registered fixed & floating charge over the assets of the company		
d. The lease facility is secured over the vehicle.		

Note 16: Provisions

	2011 \$	2010 \$
Opening balance at 1 July	48,421	46,530
Movement (Dissection n/a)	(838)	1,891
Balance at 30 June	<u>47,583</u>	<u>48,421</u>

Analysis of Total Provisions

	2011 \$	2010 \$
Current	44,147	46,468
Non-current	3,436	1,953
	<u>47,583</u>	<u>48,421</u>

Provision for Long-term Employee Benefits

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

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

Note 17: Other Current Liabilities

Note	2011 \$	2010 \$
Subscriptions in advance	4,592	6,018

Note 18: Reserves

No reserves are currently deemed necessary.

Note 19: Capital and Leasing Commitments

Note	2011 \$	2010 \$
a. Finance Lease Commitments		
Payable — minimum lease payments		
— not later than 12 months	14,898	20,502
— between 12 months and 2 years	14,898	-
— between 2 years and 5 years	30,350	-
— greater than 5 years	-	-
Minimum lease payments	60,146	20,502
Less future finance charges	(8,389)	(1,072)
Lease liability	<u>51,757</u>	<u>19,430</u>

The Toyota Land Cruiser lease which has been financed for \$54,672 is for a 37 month term commencing April 2011 with a \$19,728 GST inclusive residual with an 8.122% fixed rate.

The Toyota Prado lease reported in 2010 was finalised in April 2011. A \$10,815 GST inclusive residual was paid.

b. **Operating Lease Commitments**

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

Payable — minimum lease payments		
— not later than 12 months	-	-
— between 12 months and 5 years	-	-
— greater than 5 years	-	-
	<u>-</u>	<u>-</u>

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

Note 19: Capital and Leasing Commitments (cont.)

	Note	2011 \$	2010 \$
c. Capital Expenditure Commitments			
Capital expenditure commitments contracted for:			
Plant and equipment purchases		-	115,913
Capital expenditure projects		-	-
		-	115,913
Payable:			
— not later than 12 months		-	115,913
— between 12 months and 5 years		-	-
— greater than 5 years		-	-
		-	115,913

NB. Amounts stated are GST exclusive.

Lessor Disclosure

The company is a lessor in respect of the two rented properties at 46 and 48 Waterman St Old Bar. The properties are being rented on a month by month basis.

Note 20: Contingent Liabilities and Contingent Assets

Contingent Liabilities

Bank guarantee facility to the TAB.

	2011 \$	2010 \$
Bank guarantee facility to the TAB.	5,000	5,000

No other contingent liabilities existed at 30 June 2011

Contingent Assets

No contingent assets existed at 30 June 2011 other than the rental income from the two rented properties.

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

Note 21: Cash Flow Information

	2011 \$	2010 \$
a. Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	57,715	156,597
Non-cash flows in profit		
Depreciation & amortisation	546,372	558,532
Net (gain)/loss on disposal of property, plant and equipment	(2,535)	3,292
Impairment loss	4,320	-
Building WIP written off	2,240	-
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	22,164	(8,363)
(Increase)/decrease in prepayments	12,930	(2,896)
(Increase)/decrease in inventories	(17,875)	3,437
Increase/(decrease) in trade payables and accruals	77,830	(12,272)
Increase/(decrease) in subscriptions in advance	(1,426)	(619)
Increase/(decrease) in GST accounts	-	(15,414)
Increase/(decrease) in provisions	(838)	1,891
Cash flow from operations	700,897	684,185
b. Acquisition of Entities		
	-	-
c. Disposal of Entities		
	-	-
d. Non-cash Financing and Investing Activities		
Motor vehicle finance lease	54,672	-
e. Credit Standby Arrangements with Banks		
Overdraft facility	150,000	150,000
Amount utilised	-	(300)
Unused	150,000	149,700
MasterCard unused balance	N/Av.	N/Av.

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

Note 21: Cash Flow Information (continued)

	Note	2011 \$	2010 \$
f. Loan Facilities			
Loan facilities		-	161,574
Amount utilised		-	(142,727)
Unused		-	18,847
The major facilities are summarised as follows:			
The loan facility expired in 2011.			
The rate was fixed at 6.93%. Repayments were \$19,766 per month.			
g. Lease facilities			
Lease facility		100,000	100,000
Utilised		(51,757)	(19,430)
Unused		48,243	80,570

One motor vehicle lease was finalised and a new lease entered into during the 2011 year. Refer Note 19.

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

Note 22: Events After the Reporting Period

	2011 \$	2010 \$
No matter or circumstance has arisen since 30 June 2011 which has or will significantly affect		
i	The operations of the company	
ii	The results of those operations	
iii	The state of affairs of the company in financial years subsequent to 30 June 2011.	

Note 23: Financial Risk Management

a. **Financial Risk Management Policies**

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

i. **Financial Risks**

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

Interest rate risk

Interest rate risk is managed with fixed debt and by periodic review of deposit facilities.

Liquidity risk

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

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 Statement of Financial Position and notes to the financial statements.

The company does not have any material credit risk exposure to any single receivable.

Price risk

The company is not materially exposed to price risk.

ii. **Financial Instrument Composition and Maturity Analysis**

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:

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

Note 23: Financial Risk Management (continued)

2011	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing			Non Interest Bearing	Total
			Within	1 to 5	Over 5		
			Year	Years	Years		
	%	\$	\$	\$	\$	\$	
Financial Assets:							
Cash and cash equivalents	4.89	147,731	1,288,810	-	-	137,343	1,573,884
Receivables		-	-	-	-	34,209	34,209
Investments		-	-	-	-	-	-
Total Financial Assets		147,731	1,288,810	-	-	171,552	1,608,093

Plus Non Financial Assets:

Property, plant and equipment							8,267,257
Intangible assets							250,685
Inventories							91,257
Other							23,331
Total Assets per Statement of Financial Position							10,240,623

Financial Liabilities:

Finance Lease	8.122	-	51,757	-	-	-	51,757
Bank loans		-	-	-	-	-	-
Trade and sundry payables - excluding holiday pay		-	-	-	-	267,268	267,268
Total Financial Liabilities		-	51,757	-	-	267,268	319,025

**Plus Non Financial
Liabilities:**

Accrued holiday pay							115,254
Provisions							47,583
Other							4,592
Total Liabilities per Statement of Financial Position							486,454

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

Note 23: Financial Risk Management (continued)

2010	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing			Non Interest Bearing	Total
			Within	1 to 5	Over 5		
			Year	Years	Years		
	%	\$	\$	\$	\$	\$	
Financial Assets:							
Cash and cash equivalents	4.24	240,258	998,503	-	-	142,131	1,380,892
Receivables		-	-	-	-	56,373	56,373
Investments		-	-	-	-	-	-
Total Financial Assets		240,258	998,503	-	-	198,504	1,437,265

Plus Non Financial Assets:

Property, plant and equipment							8,405,108
Intangible assets							265,725
Inventories							73,382
Other							36,261
Total Assets per Statement of Financial Position							10,217,741

Financial Liabilities:

Finance Lease	9.764	-	19,430	-	-	-	19,430
Bank loans	6.93	-	142,726	-	-	-	142,726
Trade and sundry payables - excluding holiday pay		-	-	-	-	199,449	199,449
Total Financial Liabilities		-	162,156	-	-	199,449	361,605

**Plus Non Financial
Liabilities:**

Accrued holiday pay							105,243
Provisions							48,421
Other							6,018
Total Liabilities per Statement of Financial Position							521,287

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

Note 23: Financial Risk Management (continued)

Trade and other payables are expected to be paid as follows:

	2011	2011
	\$	\$
Less than 6 months	267,268	199,449
6 months to 1 year	115,254	105,243
	382,522	304,692

iii. **Net Fair Values**

The net fair values of:

- Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.
- Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets.

Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

There is no material difference between aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

iv. **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 this risk.

Interest Rate Sensitivity Analysis:

At 30 June 2011, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2011	2010
	\$	\$
Change in Profit/Equity		
— Increase in interest rate by 2% (2010 2%)	28,731	24,775
— Decrease in interest rate by 2% (2010 2%)	(28,731)	(24,775)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Note 24: Economic Dependency

The company is not economically dependent on any other single entity other than government and regulatory authorities who administer and control liquor and gaming licences and the intrinsic value of poker machine entitlements. The Directors are of the opinion that proposed poker machine reforms could materially impact the operations of the company.

Note 25: Company Details

The registered office and principal place of business of the company is:

1 Belford Street
Old Bar NSW 2430

Note 26: Capital Management

Management control the capital of the company to ensure that adequate cash flows are generated to fund its core objects and that returns from investments are maximised.

Management operate under policies approved by the board of directors. Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flow requirements.

The company's capital consists of financial liabilities, supported by financial assets and retained earnings.

Management effectively manage the company's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The gearing ratios for the years ended 30 June 2011 and the prior year are as follows:

	2011	2010
	\$	\$
Total borrowings	51,757	162,156
Total equity (reserves & retained earnings)	9,754,169	9,696,454
Gearing ratio (debt/equity)	0.53%	1.67%

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows Accompanying Notes to the Financial Statements, and the Directors' Declaration for the year ended **30 JUNE 2011** are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards and the Corporations Regulations 2001; 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;
2. in the director's 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

G. Wagener

Dated this 16th day of September 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OLD BAR BEACH BOWLING CLUB LIMITED

Report on the financial statements

I have audited the accompanying financial statements of Old Bar Beach Bowling Club Limited (the company), comprising 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 ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial statements

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements 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

The auditor's responsibility is to express an opinion on the financial statements based on the audit. The audit is conducted in accordance with Australian Auditing Standards. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

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

The audit evidence obtained is believed to be sufficient and appropriate to provide a basis for the audit opinion.

Independence

In conducting the audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, provided to the directors on **16th September 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 OLD BAR BEACH BOWLING CLUB LIMITED

Auditor's opinion

In my opinion:

a) the financial statements of Old Bar Beach Bowling Club Limited are in all material respects 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 the performance and cash flows for the year ended on that date; and

ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations).

Name of Auditor: Manning Assurance Services Pty Ltd, ABN 51 119 802 229

Registered company auditor No. 305383

Signed by: Brian Alexander CA, B.Fin. Admin., Dip. Fin. Mgt., JP

Address: 12/219 Victoria St Taree

Dated this 16th day of September 2011

NOTE TO MEMBERS:

Change to Corporations Act

Companies Limited by Guarantee no longer are required to send a copy of the financial report to members unless they specially request it. Members are required to formally advise the General Manager so that your request can be recorded in the Club's Register of members. If members do not advise in writing that they wish to receive a financial report before the 30th June 2012 they will not be forwarded a copy.

Members please be aware due to legislative changes, that all previous elections, to receive a copy of the Club's Annual Report will lapse upon receipt of this notice.

In future a copy of the Clubs Financial Report will be available to download from the Club's website, www.cluboldbar.com.au.

Our club welcomes this change in legislation as it will be more efficient and environmentally responsible.

WIN A TRIP TO LAS VEGAS!



Trip to Las Vegas including return economy air fares for two adults, transfers to and from Las Vegas airport, 6 nights accommodation at Hotel, New York New York and \$1000 spending money.
Total prize to the value of \$5000.

There are two trips to be won - a draw will take place at each venue

Taree West Bowling Club - Tuesday 20th December 2011 at 7pm

Club Old Bar - Wednesday 21st December 2011 at 7pm



Terms and Conditions:

Winner must be present at the draw to win. To enter members swipe your card and upon purchase of a Tooheys product at the bar your ticket will be stamped to go into the draw. Members who receive a \$10 or more drop while playing the poker machines during random times selected by the club will receive an additional ticket in the promotion.

