

Nambucca Heads Bowling & Recreation Club Ltd

ABN 20 001 023 150



62nd Annual Report

*And Financial Statements
for the year ending
31st May 2011*

Nelson Street (PO Box 445) Nambucca Heads 2448

Email: nambowlo@westnet.com.au

Phone: 02 6568 6132 Fax: 02 6568 7154

www.nambuccaheadsbowling.com.au

A LETTER TO MINISTERS OF THE AUSTRALIAN LABOR GOVERNMENT
FROM CHIEF EXECUTIVE OFFICER

I am extremely disappointed that the Australian Labor Government Ministers continue to misrepresent the position of the Nambucca Heads Bowling & Recreation Club Ltd and the NSW Government regarding problem gambling.

Our Club, ClubsNSW and the State Government support voluntary, venue based pre-commitment on poker machines. The Australian Government and its ministers, including our Prime Minister, Julia Gillard, fail to address the big difference between voluntary and mandatory pre-commitment.

The implementation and running costs of a mandatory system which involves licence cards for those who want to have a "punt on the pokies" and links every other poker machine in Australia is simply unaffordable. Consider how this will affect overseas visitors and why is a "punt on the pokies" at my Club different to having a punt on the internet, the TAB and all the other Sports Bet providers.

The Government is also misleading its citizens by saying that the South Australian Independent Gaming Authority estimated it would cost around \$1000 to retrofit the required technology to existing machines. The Independent Gaming Authority report actually found the cost of implementing pre-commitment on machines could be approximately \$12,300. The company which provided a quote of \$1,150 has no experience in poker machine hardware or software. In comparison, Loto-Quebec in Canada has signed a contract to install pre-commitment on their machines at a cost of \$22,000 per machine.

Our Club will continue to support the many forms of harm-minimisation and problem gambling services available within the community, which have seen the problem gambling rate in NSW halve since 2006. However, we do not and will not support mandatory pre-commitment. It's unproven and simply un-Australian. The Government should stop misleading people and listen to the clubs, community organisations and problem gambling experts who know that mandatory pre-commitment will send clubs to the wall while doing nothing to help problem gambling.

*Neil Hatch
Chief Executive Officer*

Nambucca Heads Bowling & Recreation Club Limited ABN 20 001 023 150

OFFICE BEARERS 2010 – 2011

PATRONS: E. Gannon, K. Birse
CHAIRMAN: J. Hunt
VICE CHAIRMAN: M. Montgomery
HON. TREASURER: J. Wilson
DIRECTORS: T. Stokes, J. Gulliver, C. Potter, J. Hogarth
SECRETARY/CHIEF EXECUTIVE OFFICER: N. Hatch B.A., CA
AUDITORS: Hooykaas, Lawry, Valjan. Chartered Accountants.

NAMBUCCA HEADS MEN'S BOWLING CLUB

OFFICE BEARERS 2010 – 2011

PATRONS: E. Gannon, K. Birse
PRESIDENT: R. McLellan
SENIOR VICE PRESIDENT: I. Poletti
JUNIOR VICE PRESIDENT: J. Hogarth
HON. SECRETARY: K. Rostron
HON. TREASURER: T. Stokes
COMMITTEE: B. Bevan, E. Hunter, D. Lawrence, R. Lawrence
BOWLS ORGANISER: M. Boyle
PUBLICITY: K. Rostron, C. Potter
GREENS LIAISON OFFICER: R. McLellan

KEN HOWARD MEMORIAL CARNIVAL COMMITTEE

OFFICE BEARERS 2010 – 2011

CHAIRMAN: R. McLellan
SECRETARY/TREASURER: L. Hill
COMMITTEE: K. Rostron, M. Boyle, J. Gulliver

NAMBUCCA HEADS WOMEN'S BOWLING CLUB

OFFICE BEARERS 2010 – 2011

PATRON: D. Nielsen
PRESIDENT: P. James
VICE PRESIDENTS: B. Jones, N. Hicking
HON. SECRETARY: C. Hunt
HON. TREASURER: M. Lawrence
MATCH COMMITTEE CHAIRPERSON: L. Hartmann
COMMITTEE: E. Fleming, C. Behan, K. Hooten, M. Sylvia
DELEGATES: P. James, B. Jones, L. Cheal
PUBLICITY: B. Fane
SELECTION CHAIRPERSON: V. Platt
SOCIAL COMMITTEE CHAIRPERSON: L. Cheal

NOTICE TO ALL MEMBERS

The Annual General Meeting of the Nambucca Heads
Bowling & Recreation Club Limited will be held at the Clubhouse,
Nelson Street, Nambucca Heads on Sunday, 18th September 2011 at 9.30am

AGENDA

1. MEETING TO BE DECLARED OPEN.
2. APOLOGIES.
3. MINUTE OF SILENCE FOR DEPARTED MEMBERS.
4. READING & CONFIRMATION OF THE MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING.
5. TO RECEIVE & CONSIDER THE REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST MAY 2011
6. TO RECEIVE AND CONSIDER THE DECLARATION OF DIRECTORS FOR THE YEAR ENDED 31ST MAY 2011.
7. TO RECEIVE & CONSIDER THE STATEMENT OF COMPREHENSIVE INCOME, THE STATEMENT OF FINANCIAL POSITION AND THE STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31ST MAY 2011 AND THE REPORT OF THE AUDITORS.
8. ELECTION OF THE BOARD OF DIRECTORS AS PER THE CLUB'S CONSTITUTION.
9. NOMINATION OF PATRONS.
10. APPROVAL OF THE DIRECTORS EXPENSES.

The Members hereby approve and agree to expenditure by the Club of an amount not exceeding \$14,000.00 until the next Annual General Meeting of the Club for the following activities of Directors:-

- (i) The reasonable cost of a meal and/or beverage for each Director when a Board or Committee Meeting corresponds with a normal meal time.
- (ii) Reasonable expenses incurred by Directors in relation to such other duties including entertainment of special guests to the Club and other promotional activities performed by Directors which activities and the expenses therefrom are approved by the Board before payment is made on production of receipts, invoices or other proper documentary evidence of such expenditure.
- (iii) The reasonable cost of provision of blazers, jackets, blouses and/or shirts and ties for use of Directors whilst engaged on Club business.
- (iv) The reasonable cost of Directors attending Meetings of ClubsNSW and other associations of which the Club is a Member.
- (v) The reasonable costs for the professional development and education of Directors including attendance at seminars, lectures, trade displays, study and fact finding tours and attendance to other Clubs for the purpose of observing other Club's facilities and methods of operations.

The members acknowledge that the benefits in paragraph 10 above are not available to members generally but only for those who are Directors of the Club.

11. APPROVAL OF COMMUNITY AND SUPPORT EXPENDITURE
The members hereby approve expenditure by the club in a sum not exceeding \$40,000 until the next Annual General Meeting of the club, for the following expenses subject to approval by the Board of Directors.
 - a) Expenses involved in subsidies of Sub Clubs, Children's Parties, Voluntary Workers' dinner, presentations to Members or other persons acknowledging services deemed by the Directors as being of benefit to the club and/or community and sponsorship of sporting events and sports persons deemed by the Directors to be of benefit to the club and/or community, including attendance.
 - b) Attendance at functions with spouses where appropriate and required to represent the club.

Nambucca Heads Bowling & Recreation Club Limited ABN 20 001 023 150

The Members acknowledge that the benefits in Paragraph 11 above are not available to Members generally, but only for those Directors of the club and those Members directly involved in the above activities.

12. TO DEAL WITH ANY BUSINESS OF WHICH DUE NOTICE HAS BEEN GIVEN.

SPECIAL RESOLUTIONS

The following proposed Resolutions are to be considered and if thought fit, to pass each Resolution as a Special Resolution:

SPECIAL RESOLUTION 1

Nominated: Ross McLellan Seconded: Kenneth Rostron

“That John Charles Gulliver be elected a LIFE MEMBER of the Nambucca Heads Bowling & Recreation Club Ltd.”

The Board has approved this Special Resolution and recommends that members vote in favour of this Resolution.

SPECIAL RESOLUTION 2

Nominated: Pamela James Seconded: Caroline Hunt

“That Dennice Lorraine Cheal be elected a LIFE MEMBER of the Nambucca Heads Bowling & Recreation Club Ltd.”

The Board has approved this Special Resolution and recommends that members vote in favour of this Resolution.

(NOTE: A Special Resolution must be passed by at least 75% of the members entitled to vote who actually attend the meeting.)

13. TO DEAL WITH ANY OTHER BUSINESS BY WAY OF RECOMMENDATION TO THE BOARD OF WHICH THE MEETING MAY APPROVE.

14. CLOSURE OF MEETING.

By order of the Board
Neil Hatch
Chief Executive Officer

Notes Regarding the Special Resolution

- 1) The Special Resolution will only be passed at the General Meeting if at least seventy five percent (75%) of those members, who vote on the Resolution, vote in favour of the Resolution. Members who abstain from voting are excluded from the percentage count.
- 2) In terms of the Corporations Act 2001, the Special Resolution must be considered as a whole and cannot be altered (other than minor typographical corrections which do not change the substance or effect of the Special Resolution) by motions from the floor of the meeting.
- 3) The Registered Clubs Act, provides that:
 - a) Proxy voting is prohibited; and
 - b) Members who are employees of the Club are not entitled to vote
- 4) The committee recommends that members vote in favour of the Special Resolution.

NOTICE TO MEMBERS

Any Financial member of the Club attending the Annual General Meeting who needs clarification of any matter relating to the Financial Statements contained herein is requested to notify the Office Staff, with your questions in writing, no later than Monday 12th September 2011 so that your inquiries may be answered in full at the meeting.

The Board of Directors

**NAMBUCCA HEADS MEN'S BOWLING CLUB
NOTICE TO MEMBERS**

The Annual General Meeting of the above Club will be held at the Clubhouse, Nelson Street, Nambucca Heads on Sunday, 18th September 2011 after completion of the Annual General Meeting of the Nambucca Heads Bowling & Recreation Club Limited

AGENDA

1. Consideration of the minutes of the 2010 Annual General Meeting.
2. Consideration of the President's Annual Report.
3. Consideration of the Income Statement for the year ending 31st May 2011.
4. Election of Committee.
5. Election of Sub-Committees.
6. Appointment of Patrons.
7. Consideration of Notices of Motion or Special Business.
8. Recommendations to the incoming Committee.

**Ken Rostron – Secretary
Nambucca Heads Men's Bowling Club**

IMPORTANT INFORMATION FOR CLUB MEMBERS

This club is by law required to keep a register containing information that relates to the management and financial administration of the club including:-

- 1) A list of disclosures, declarations and returns made by the governing body and employees of the club.
- 2) The Salary bands of the club's top executives.
- 3) Details of the overseas travel made by the governing body and employees of the club.
- 4) Details of loans given by the club to employees.
- 5) Details of certain contracts executed by the club.
- 6) Salary details of club employees who are close relatives of a member of the club's governing body or a top executive.
- 7) Details of the payments made by the club for consultant services.
- 8) Details of legal settlements made by the club with a member of the governing body or an employee of the club.
- 9) Details of legal fees paid by the club for a member of the governing body or an employee of the club.
- 10) The club's annual gaming machine profit.
- 11) The amount applied by the club to community development and support.

AND

The club must prepare quarterly financial statements for the governing body that incorporate:-

- 1) The club's profit and loss accounts and trading accounts for the quarter, and
- 2) A balance sheet as at the end of the quarter.

**MEMBERS MAY VIEW THE REGISTER OR THE FINANCIAL STATEMENTS OR RECEIVE
A COPY OF THE FINANCIAL STATEMENTS BY WRITTEN REQUEST TO THE CLUB.**

CLUB STATEMENT

VISION STATEMENT

The Nambucca Heads Bowling & Recreation Club Limited will continue to nurture its reputation as "The Friendly Club for all".

MISSION STATEMENT

The Nambucca Heads Bowling & Recreation Club Ltd. will position itself in the market place by:-

- Increasing the number of members and guests using the Club's facilities
- Seeking to draw members and guests from a wider mix of age groups.
- Creating (working towards) an environment that will meet the changing expectations of our membership base.

CHAIRMAN'S REPORT 2010/2011

Thanks again to our members, staff and visitors for continuing to make our Club the "Friendly Club for All".

The Board's goal for the last year was to continue to maintain our cash flow and reduce our debts. Our result of a profit of \$264,612 and a reduction of our Credit Union debt of \$241,828 indicate that we are achieving our goal.

During the year our Chief Executive Officer, Neil Hatch, undertook an industry study tour to the USA, including Las Vegas. Unfortunately he contracted a serious health problem, culminating in an extensive hospital stay. Thankfully Neil has recovered and returned to duty.

A big thank you to Graeme Martin and Sharyn Smith for managing the Club during Neil's absence and to all of the staff team, especially Jamie Davis for their "extra effort" during this time.

Our Board members continue to attend our regular meetings as well as attending training seminars provided by the Club Directors Institute and Clubs NSW.

The Club industry is again being confronted by obstacles and financial hardships with the Federal Government planning to introduce mandatory pre-commitment for members playing poker machines. The Government also plans to limit how much of our own money we can withdraw each day from the ATM. "Who voted on how I should spend my money?"

During the year, many members took part in the Broadband for Senior's program, which enabled participants to understand and secure knowledge of how to use a computer and associated media facilities. If you missed out see our conveners, Tony Stokes or John Kent who will enroll you into the program.

The board will maintain a strong strategic approach this year to continue to repay our existing debt structure prior to viewing further capital investment in our major asset, the Club building. We are investigating an al-fresco gaming lounge to improve our poker machines, Keno, TAB, lounge areas and refurbishing our bar. In this manner we can maintain a policy to improve, maintain and enhance our existing facilities whilst continuing to support and promote the sport of lawn bowls together with maintaining our local community support and funding.

To my fellow board members, thank you for your united efforts and hard work to ensure the future success of our Club.

To the families of members who have lost loved ones during the year please accept our sincere condolences.

To all who have supported me, especially my wife, Blanche, over many years a big thank you.

John Hunt
CHAIRMAN OF THE BOARD

TREASURER'S REPORT 2010/2011

On behalf of the Board of Directors, I present my report to members on the financial results of the Club for the past year. The Statement of Comprehensive Income for the year ended 31st May 2011 records a profit for the year of \$264,612, a significant increase on the profit for last year of \$129,836.

During the year net cash generated from operations was \$418,426. From these proceeds, the Club's loan facility with the Bananacoast Credit Union was reduced by \$241,828 in line with the Board's debt reduction policy. Total income of \$2,975,284 reflected an 11.1% increase above last year's income. As income increases, expenses will also increase, particularly reflected in the cost of sales. Where possible expenditure that can be controlled has been effectively monitored and these expenses are generally consistent with previous years. Expenditure overall increased by \$13,010 or 1.4% when compared to last year.

The Statement of Financial Position at the 31st May 2011 endorses my confidence in the Club's strong financial position with net assets now exceeding \$3 million. Total assets increased by \$51,640 whilst total liabilities were reduced by \$212,972.

Looking ahead this current financial year and beyond presents the Board with a number of financial challenges with respect to the volatile economy, the Government's new carbon tax, the threat of daily ATM limits and mandatory pre-commitment cards for poker machine players. This club is one of 4,000 clubs in Australia that rely on revenue from poker machines to maintain bowling greens, golf courses and other sporting infrastructure. All Clubs play an important role in encouraging senior Australians to remain active and socially connected in the community and the legislative changes will impact adversely on all these benefits and facilities.

I would again thank my fellow Directors for their continued commitment and contribution in serving the interests of the Club. The ongoing success of our Club would not be achievable without the willing support of our volunteers, our friendly and dedicated Chief Executive Officer and staff, together with the valued continuing support of our members. Thank you to all.

It is with pleasure that I commend to you the Club's Financial Statements for your adoption at our forthcoming Annual General Meeting.

John Wilson
TREASURER

CHIEF EXECUTIVE OFFICERS REPORT 2010/2011

It is with great pleasure that I present to members my seventeenth Annual Report.

The year under review recorded a profit of \$264,612 which compares to a profit last year of \$129,836. This exceptional profit achieved during the year enabled the Club to continue to reduce our debt structure and consolidate our financial position in a year of continuing economic hardship, extreme weather and threats of legislative changes which will further impact on this and all other Club's ability to remain economically strong and viable.

As noted in the Chairman's Report, the Board is investigating substantial improvements to the Club's existing facilities but due to the uncertainty of the effects of the threat by the Labor Government to implement mandatory pre-commitment cards and the unknown costs that the Club may face to comply with such legislative change, it would be prudent to restrict future borrowings until this matter is crystallized. The Club's strong financial position will allow the Board to view the future expansion and improvement programs within a rational business plan which has continued to see the club prosper and grow over time.

The Club's financial statements have been prepared this year in accordance with Australian Accounting Standards – Reduced Disclosure Requirements which will be adopted by the majority of the Clubs this year. For the benefit of members I have set out below some brief details of our trading results this year which are not reflected in the new financial statements.

Bar Trading:

Bar Sales increased by \$18,720 or 2.18% this year. The net profit increased by \$2,238 or 0.88%.

Poker Machine Trading:

Takings were \$124,271 or 12.13% above last year's takings. The net profit was \$77,382 or 10.10% higher than the previous year. This result is pleasing and indicates that the selection of new machines was prudent.

Dining Room Trading:

Sales increased by \$134,638 or 28.50%. The sales increase is a result of the Club entering into a supply agreement to provide meals for community Meals on Wheels program. As anticipated, the increased sales turnover has been beneficial to the Club's operations and the Dining Room recorded a PROFIT of \$11,133 compared to the loss incurred last year of \$23,080. Congratulations to all staff, especially Jamie Davis for a great result.

Other Income:

Net profit from Club Keno operations was \$16,024 or 39.48% higher than the previous year. A 111.28% increase in TAB commission received resulted in the loss incurred for the TAB being reduced to \$8,310.

Bowling Greens Trading:

Green Fees received were \$6,746 less than last year whilst maintenance expenses were reduced by \$15,517. The overall loss was \$23,703 being \$8,771 less than the previous year.

Expenses:

Overall expenses increased by \$10,864 or 1.18% compared to the previous year. Major increases were electricity of \$7,757, Bonus Points redemptions of \$16,474, Members Benefits of \$12,294 with major savings being in the area of leave entitlements down \$17,761 and superannuation down \$13,959.

Balance Sheet:

Total assets are now some \$3.65 million. Whilst \$241,828 was repaid against the Credit Union loan, total liabilities are \$212,972 less than the previous year.

Cash Flow:

The Net Cash Flow provided by operations was \$418,426 compared to \$303,400 last year (up \$115,026 or 37.9%)

Nambucca Heads Bowling & Recreation Club Limited ABN 20 001 023 150

The Club has continued to support our Community by donating funds to many local charity groups, junior and senior sporting clubs, local schools as well as national charities with ties to our community. I would note that not reported in the Club's Reports, our support for Wednesday Bingo conducted by United Hospital Auxiliary resulted in some \$22,000 being donated to the local Macksville Hospital. Yet another example of "Clubs in the Community" which is being overlooked by our present Labor Government.

I would congratulate Chairman, John Hunt and the Board of Directors for their forward thinking, guidance and total support given to the Management Team with regards to the Club's operations and evolving business plan. Thank you for your time invested in evaluating and assessing our future strategic plan in addition to your support at Club functions, raffles and voluntary works.

This Club's success is also underpinned by a great team of employees who I congratulate for another outstanding year. Your commitment, attitude and enthusiasm ensure that the operational efficiencies of the club meet the highest standard and the positive comments and congratulations I receive from members and visitors regarding the level of service offered by the team make me feel extremely proud. My appreciation and congratulations to Graeme Martin who conducted himself at the highest standard again this year and particularly whilst I was absent for an extended period recovering from my illness contracted overseas. I would also take this opportunity to express my appreciation to all my staff team and Directors for the support given to myself and Kaye in a difficult time and thank the members for the cards and expressions of best wishes that we received.

We were all reminded this year of the impact on our lives and our Club upon the loss of loved members, friends and family. To relatives and friends of those who passed away during the year, I extend our sincere sympathy and condolences to you from myself and your fellow Club members. To those members and friends who are not well or ill, we wish you a speedy recovery to good health.

Thank you to all the volunteers who gave their time so generously during the year. Your unselfish contributions to the Club's operations are appreciated by all.

I would also take this opportunity to thank the Bowling Club Committees, our Bowls coordinator, Ken, our sponsors and all the other members who contribute to our success. Congratulations to all our Pennant Team bowlers, our Club Champions and bowlers who represented the Club this year for the excellent manner in which you conducted yourselves in your chosen sport.

The Club industry continues to be impacted by ever changing and sometimes, ill informed, legislative changes, taxes and regulations and only the well managed Clubs will survive to continue to support their community. The Board has commenced to proceed with a necessarily cautious redevelopment of the Club's facilities, to provide members with modern, practical and cost effective facilities. This will enable the Club to continue to improve its financial position, meet the needs and expectations of our members and provide support to our greater community.

Thank you to all members for your valued continuing support and I encourage you to promote our great Club to your family and friends.

Neil Hatch, B.A, C.A
CHIEF EXECUTIVE OFFICER

MEN'S BOWLING CLUB PRESIDENTS REPORT 2010/2011

I have much pleasure in presenting this year's report. Once again I can report that the club has enjoyed a wonderful year. This has been brought about by the contribution of all the members and staff doing their utmost to maintain a successful and happy environment.

The greens have been renovated and are playing well. Thanks again to David for working so hard to keep them in good condition.

Obviously the main event of the year has been the success we have enjoyed in the pennant season. All teams played well during the rounds and had a chance to win their flag. The Threes and Sevens succeeded in doing this and the Threes went on to win their Zone and play in the State playoffs. They tried valiantly, but in the third round game met the team that went on to win the State Championship. This proved to be too tough a task. Congratulations to all players and teams as we play bowls for enjoyment and it is a bonus if we achieve success. Thanks must go to the selectors who have done a wonderful job in arranging the selection of teams.

Club competition has been successful again this year and thanks goes to Mick Boyle for spending many hours sorting out the games. Congratulations go to Tony Urquhart in the Major Singles, Steve Price and Ken Rostron in the Major Pairs and Jonathan Wynter, Rex Lawrence, Laurie Summers and last bowl John Gulliver in the Fours. Well done all these players and also to every other competitor in the competitions.

Ken spent many hours this year organising carnivals and they all went off successfully. Special thanks to Ken. The Royal Tar had a change of format and worked well. The Ken Howard (we report on the event held June 2010) was good this year and once again the maximum number of teams played in the fours and a good rollup in the triples. I cannot pass up the opportunity to say that this year's Ken Howard (2011) is the first time the Men's Bowling Club has been able to totally fund the event, with the tremendous support of our sponsors, especially the Australian Workers Union, which is now the major sponsor of this event. A big thank you also to our volunteers during these events, they must be given a special mention, the umpires, kitchen staff, bar staff, office staff, recorders and all other helpers, thank you very much for a job well done.

Our presentation night was combined with the Ladies again this year and was made special by our guest speaker, Karen Murphy and her husband. All those who attended enjoyed the presence of Karen and also the coaching lessons in the afternoon.

Social play this year has once again seen good numbers in attendance and the new Wednesday jackpot is going well.

Our Junior program has continued this year with some success, but numbers seem to be dwindling. If you know of any young people who are looking for a sport, encourage them to try bowls.

All of our activities at the bowling club are supported by our loyal band of business sponsors. A sincere "thank you" to every one of our sponsors this year and members, remember to patronise our sponsors whenever you can.

We extend our sympathy to all members who have lost loved ones this year.

Thank you to the Board for their continued help to the bowlers thorough out the year. I wish to thank our Chief Executive Officer, Neil Hatch, especially for his terrific support of the position of President that he has shown over the last two years.

Thank you to all members of the Bowls Committee for your efforts. The success of the club depends a great deal on the work you do voluntarily throughout the year.

I take this opportunity to wish the incoming Committee every success in the coming year.

Ross McLellan
President

WOMEN'S BOWLING CLUB ANNUAL REPORT 2010/2011

Well, we have come to the end of another year, once again it has raced around.

This year has been difficult, with one thing and another. A lot of wet weather, resulting in games being washed out, including the ladies Ken Howard Carnival, which was very disappointing. My heartfelt thanks to Carol Hunt, our Secretary, who has done a great job. To Margaret Lawrence, our Treasurer, well done. To the Vice Presidents, Bev & Nita, who have stepped in when I have been away, thank you. To Lynn and the match committee ladies, to Vicky and the Selectors, well done all of you.

Thank you to the Social Ladies led by Lorraine Cheal, you have done a wonderful job again. It hasn't been easy with ladies not being able to help, owing to their illnesses or family issues. To the other ladies who have stepped in to help out, many thanks also.

To the ladies on the Committee, who give their time to help the club to function, thank you also to the kitchen, office and bar staff who are always so helpful and pleasant, to the Club Ltd. for their support, especially to Neil Hatch, who has given us such great valued support and guidance. It is nice to see he is looking so well and healthy again.

To the umpires both ladies and men and the coaches who all give their time so generously our appreciation and gratitude. The assistance from Mick Boyle and Ken Rostron has helped our ladies to improve their game with wonderful results. Again, thank you.

Our No 2 Pennant side performed very well, reaching the District play offs at South West Rocks and the games played were of a very high standard, in very inclement weather. Cabarrita Beach were the eventual winners, and we wish them well in the State Finals. Well done No 2's and all the other ladies who took part in the pennant season.

Lastly to all our members who come and support everything so generously, (we are only a few now) including our Charity Day in aid of The Nambucca Valley Cancer Care Group, where \$1000 was raised. It was a great effort with many donations of groceries for our various raffles and the beautiful crocheted blanket made and donated by Beryl Wilson that everyone wanted to win, thank you all.

Let's hope the coming year will be successful and happy, and I wish you all good bowling and good health.

Pam James
President

Financial Report for the Year Ended 31 May 2011

Your directors present this report on the entity for the financial year ended 31st May 2011.

Directors

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

Leonard John Hunt	–	Chairman
Qualifications	–	Installation Officer/Retired
Experience	–	Previous Chairman/Vice Chairman
Marilyn Ann Montgomery	–	Vice Chairman
Qualifications	–	Business Proprietor
Experience	–	Previous Director/Vice Chairman
Special Responsibilities	–	House & Building Director/Building Committee
John Richard Wilson	–	Treasurer
Qualifications	–	Company Accountant
Experience	–	Previous Treasurer/Director
Special Responsibilities	–	Finance Director
John Charles Gulliver	–	Director
Qualifications	–	Business Proprietor/Retired
Experience	–	Previous Director
Special Responsibilities	–	Greens Director
Tony Raymond Stokes	–	Director
Qualifications	–	Teacher/Retired
Experience	–	Previous Director
Special Responsibilities	–	Social & Greens Director
Charles Harry Potter	–	Director
Qualifications	–	Graphic Artist/Retired
Experience	–	Previous Director
Special Responsibilities	–	Publicity & Information Technology Director
John Russell Hogarth	–	Director
Qualifications	–	Bank Manager/Retired
Experience	–	Previous Director
Special Responsibilities	–	Future Developments Director/Building Committee

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

Principal Activities

The principal activities of the entity during the financial year were the promotion of lawn bowls, and the provision of amenities to members and their guests. No significant change in the nature of these activities occurred during the year.

Company Secretary

Neil Hatch was Company Secretary of the entity for the whole of the financial year and continues in office at the date of this report. Neil joined the Club in 1994 and has been the Secretary Manager and Chief Executive Officer since that date. Neil has been a member of the Institute of Chartered Accountants for 30 years and pursues an active programme of professional development and study each year relevant to his employment and professional qualifications.

How the Club measures its performance

The Club measures its performance based on:

- a) The number of members and guests that the Club has attracted during the year: and
- b) The level of surplus generated by each of the Club's key operating areas: and
- c) The improvements undertaken to the Club's facilities and additional services to members

Operating Results

The surplus of the entity for the reporting period was \$264,612
(2010 profit - \$129,836)

Short and Long term objectives of the Club

The Clubs objective's focus on:

- a) The development and delivery of premium Club facilities and services to its members and guests: and
- b) The promotion of the social welfare of the Club's members and community sports and recreational organisations: and
- c) The retention of customers on a year to year basis with increased customer satisfaction to a rating of "high" for all facilities and services offered by the Club.

Strategy for achieving these objectives

The strategy for achieving the objectives has been to:

- a) Grow the market share for the existing business and increase revenue on operating activities whilst controlling and minimising related expenses: and
- b) Retaining market share by investing in appropriate technology available within expenditure constraints: and
- c) Monitoring cash flows to achieve debt reduction appropriate to anticipated business activity and forecasts: and
- d) Further developing the management team by encouraging, supporting and assisting access to higher educational training and development.

Meetings of Directors

During the financial year, 14 meetings of directors were held. Attendances by each director were as follows:

Director's Name	Number eligible to attend	Number attended
John Leonard Hunt	14	13
Marilyn Ann Montgomery	14	13
John Richard Wilson	14	14
Tony Raymond Stokes	14	14
John Charles Gulliver	14	14
Charles Harry Potter	14	12
John Russell Hogarth	14	10

In addition to the above Board Meetings, the relevant Directors agreed by the Board have also attended informal meetings of the Building Committee and Executive Remuneration Committee as required during the reporting period.

Corporate Information

The Club is a "not for profit" entity, registered as a company limited by guarantee. Under its constitution the company is prohibited from the payment of dividends to its members. Any surplus on winding up will be distributed to an organisation which has similar objects as dictated by the Constitution.

If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$1 each towards any outstanding obligations of the company. At 31st May 2011, the total amount that members of the company are liable to contribute if the company wound up is \$1,876 (2010: \$1,866).

Property Classification

In accordance with the Registered Club's Amendment Regulations 2007 the board has determined the following Club Property Classifications:

Core Property – Nelson Sreet, Creek & Bank Streets Nambucca Heads

Lot 8 in DP758749	Club house, grounds, car park & greens
Lot 422 in DP755550	Club house, greens & grounds
Lot 2 in DP46053	Club house & grounds
Lot 2 in DP113103	Greens & grounds

Non Core Property – Bank Street Nambucca Heads

Lot 1 in DP 758749	Club grounds
Lot 2 in DP830617	17 Bank Street, Nambucca Heads
Lot 1 in DP836017	19 Bank Street, Nambucca Heads

Indemnifying Officers or Auditors

The Club has not during or since the financial year in respect of any person who is or has been an officer or auditor of the club:

- a) Indemnified or made any relevant agreement for identifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings: or
- b) Paid or agreed to pay a premium in respect of a contract insuring against a liability as an officer for the costs or expenses to defend the legal proceedings; with the exception of the following matters:

During or since the end of the financial year, the club has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The club has paid premiums to insure each director against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as director of the club, other than conduct involving a wilful breach of duty in relation to the club.

Auditor’s Independence Declaration

The auditor’s independence declaration for the year ended 31st May 2011 has been received and can be found on page 16 & 17 of the financial report.

Signed in accordance with a resolution of the Board of Directors made pursuant to Section 298(2) of the Corporations Act (2001)

L. J. Hunt
Director

J. R. Wilson
Director

Dated this 17th Day of August 2011



**AUDITOR’S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF NAMBUCCA HEADS BOWLING & RECREATION CLUB
LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31 May 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.

Peter S. Lawry
Partner
HLV Chartered Accountants
17th August 2011
3 Mackay Street, Nambucca Heads, NSW



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NAMBUCCA HEADS BOWLING AND RECREATION CLUB LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Nambucca Heads Bowling and Recreation Club Limited (the company), which comprises the statement of financial position as at 31st May 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Nambucca Heads Bowling & Recreation Club Limited on 17th August 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial report of Nambucca Heads Bowling & Recreation 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 31st May 2011 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.



Name of firm: HLV Chartered Accountants

Name of partner: Peter S. Lawry

Address: 3 Mackay St, Macksville, NSW 2447

Dated this 17th day of August 2011



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2011**

	Note	2011 \$	2010 \$
INCOME			
Bar Revenue		879,302	860,582
Poker Machine Revenue		1,149,189	1,024,918
Keno Revenue		70,748	53,409
Dining Room Revenue		607,135	472,497
Commission		26,248	18,985
Green Fees		40,408	47,154
Subscriptions		21,223	21,213
Club Raffles		84,834	80,476
Bank Interest		3,712	2,374
Fundraising and Donations		37,553	37,052
Rental income		10,263	9,100
Other Income		44,669	49,731
Total Income		2,975,284	2,677,491
EXPENSES			
Cost of Sales		731,763	650,805
Employee Costs		871,315	882,858
Depreciation and Amortisation		155,768	118,922
Finance Costs		27,706	42,547
Repairs & Maintenance		95,182	122,834
Entertainment & Promotions		236,916	234,404
Audit, Legal and Consultancy Expense		13,320	13,639
Loss on Disposal of Asset		10,009	1,904
Other Expenses		568,693	479,742
Total Expenses		2,710,672	2,547,655
Profit before income tax		264,612	129,836
Income tax expense		-	-
Profit for the year		264,612	129,836
Other comprehensive income after income tax:			
Net gain on revaluation of non-current assets	6	-	-
Net (loss)/gain on revaluation of financial assets		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		264,612	129,836

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2011**

	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	115,553	115,600
Trade and other receivables	3	18,314	3,469
Inventories	4	61,374	60,999
Other assets	5	17,145	28,162
TOTAL CURRENT ASSETS		<u>212,386</u>	<u>208,230</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,655,081	2,607,597
Investment Property	7	739,000	739,000
Intangible assets	8	40,000	40,000
TOTAL NON-CURRENT ASSETS		<u>3,434,081</u>	<u>3,386,597</u>
TOTAL ASSETS		<u><u>3,646,467</u></u>	<u><u>3,594,827</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	328,772	364,587
Borrowings	10	123,024	96,000
Provisions	11	69,226	63,726
TOTAL CURRENT LIABILITIES		<u>521,022</u>	<u>524,313</u>
NON-CURRENT LIABILITIES			
Trade & Other Payables		5,062	11,811
Borrowings	10	85,931	287,301
Provisions	11	9,592	11,154
TOTAL NON-CURRENT LIABILITIES		<u>100,585</u>	<u>310,266</u>
TOTAL LIABILITIES		<u><u>621,607</u></u>	<u><u>834,579</u></u>
NET ASSETS		<u><u>3,024,860</u></u>	<u><u>2,760,248</u></u>
EQUITY			
Retained earnings		1,748,834	1,484,222
Reserves		1,276,026	1,276,026
TOTAL EQUITY		<u><u>3,024,860</u></u>	<u><u>2,760,248</u></u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2011**

	Note	Retained Earnings \$	Revaluation Reserve \$	Total \$
Previous Year				
Balance at 1 June 2009		1,354,386	1,276,026	2,630,412
Total comprehensive income for the year		129,836	-	129,836
Balance at 31 May 2010		1,484,222	1,276,026	2,760,248
Current Year				
Balance at 1 June 2010		1,484,222	1,276,026	2,760,248
Total comprehensive income for the year		264,612	-	264,612
Balance at 31 May 2011		1,748,834	1,276,026	3,024,860

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2011**

	Note	2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and visitors		3,249,857	2,938,859
Payments to suppliers and employees		(2,807,695)	(2,599,086)
Interest received		2,552	2,051
Finance costs		(26,288)	(38,424)
Net cash generated from operating activities		418,426	303,400
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	8,800
Payment for property, plant and equipment		(244,126)	(103,544)
Net cash used in investing activities		(244,126)	(94,744)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		83,922	48,000
Repayment of borrowings		(258,269)	(236,360)
Net cash used in financing activities		(174,347)	(188,360)
Net increase or (decrease) in cash held		(47)	20,296
Cash and cash equivalents at beginning of financial year		115,600	95,304
Cash and cash equivalents at end of financial year	2,13	115,553	115,600

The accompanying notes form part of these financial statements.

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

The financial statements are for Nambucca Heads Bowling & Recreation Club Limited as an individual entity, incorporated and domiciled in Australia. Nambucca Heads Bowling & Recreation Club Limited is a company limited by guarantee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Nambucca Heads Bowling & Recreation Club Limited has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements 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 financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

Accounting Policies

a. Revenue

Revenue from sale of goods is recognised when there has been a transfer of significant risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally the title has passed.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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

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

b. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned using the First In First Out method.

c. Property, Plant and Equipment

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

Freehold Property

Freehold land and buildings are shown at their fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of comprehensive income.

As the revalued buildings are depreciated, the difference between depreciation recognised in the statement of comprehensive income, which is based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost, is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of the 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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

Property, with the exception of land, is depreciated under prime cost method whilst Plant and Equipment are depreciated using the diminishing value method so as to progressively write off the asset costs over the useful life of the asset.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	11 – 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Each asset class's carrying amount is written down immediately to its recoverable amount if the class'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 statement of comprehensive income. When revalued assets are sold, amounts included in

the revaluation surplus relating to that asset are transferred to retained earnings.

d. Leases

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

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses over the lease term.

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 of 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 expensed to 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 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.

(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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(ii) *Financial liabilities*

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

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire 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 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.

f. **Impairment of Assets**

At the end of each reporting period, the entity 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.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of assets, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

g. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements.

h. Cash and Cash Equivalents

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

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 (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO. The GST component of financing and investing activities which is recoverable from, or payable to, the ATO is classified as a part of operating cash flows. Accordingly, investing and financing cash flows are presented in the statement of cash flows net of the GST that is recoverable from, or payable to, the ATO.

j. Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

Provisions

- k.** Provisions are recognised when the entity 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Comparative Figures

- l.** Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.
- When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

Trade and Other Payables

- m.** Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Critical Accounting Estimates and Judgments

- n. 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 within the company.

NOTE 2: CASH AND CASH EQUIVALENTS

	2011	2010
	\$	\$
CURRENT		
BCU Credit Union Ltd – General	54,457	53,746
Interest Bearing Deposit	15,883	15,622
Cash on hand	45,213	46,232
	<u>115,553</u>	<u>115,600</u>

NOTE 3: TRADE AND OTHER RECEIVABLES

	Note	2011	2010
		\$	\$
CURRENT			
Trade receivables		18,314	3,469
Other receivables		-	-
Total current trade and other receivables		<u>18,314</u>	<u>3,469</u>

NOTE 4: INVENTORIES

	2011	2010
	\$	\$
CURRENT		
Inventories (at cost)	61,374	60,999
	<u>61,374</u>	<u>60,999</u>

NOTE 5: OTHER ASSETS

	2011	2010
	\$	\$
CURRENT		
Prepayments	17,145	28,162
	<u>17,145</u>	<u>28,162</u>

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	2011	2010
	\$	\$
LAND AND BUILDINGS		
Freehold land at fair value:		
– directors' valuation in 2011	946,000	946,000
Total land	<u>946,000</u>	<u>946,000</u>
Buildings at fair value:		
– directors' valuation in 2011	891,796	883,654
Less accumulated depreciation	(77,614)	(57,582)
Total buildings	<u>814,182</u>	<u>826,072</u>
Total land and buildings	<u>1,760,182</u>	<u>1,772,072</u>
 PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	1,636,737	1,527,337
Less accumulated depreciation	(1,184,725)	(1,156,013)
Total plant and equipment	<u>451,962</u>	<u>371,324</u>
Bowling Greens:		
At cost	607,519	601,028
Accumulated depreciation	(164,582)	(136,826)
Total Bowling Greens	<u>442,937</u>	<u>464,202</u>
Total property, plant and equipment	<u>2,655,081</u>	<u>2,607,598</u>

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:

	Land and Buildings	Bowling Greens	Plant and Equipment	Total
	\$	\$	\$	\$
2011				
Balance at the beginning of the year	1,772,072	464,202	371,324	2,607,598
Additions at cost	8,142	6,491	198,627	213,260
Additions at fair value	-	-	-	-
Disposals	-	-	(10,009)	(10,009)
Depreciation expense	(20,032)	(27,756)	(107,980)	(155,768)
Carrying amount at the end of the year	<u>1,760,182</u>	<u>442,937</u>	<u>451,962</u>	<u>2,655,081</u>

Asset Revaluations

The freehold land and buildings were independently valued at 31 May 2009 by PM Valuations Pty Ltd. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings and recent sales data for similar properties.

As at 31 May 2010 and 31 May 2011, the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers in 2009 and do not believe there has been a significant change in the assumptions. The directors therefore believe the carrying value of the land correctly reflects the fair value less cost to sell at 31 May 2011.

NOTE 7: INVESTMENT PROPERTY

	2011	2010
	\$	\$
INVESTMENT PROPERTY AT FAIR VALUE		
17 Bank Street, Nambucca Heads – directors' valuation	385,000	385,000
19 Bank Street, Nambucca Heads – directors' valuation	210,000	210,000
Lot 1 DP758749, Nambucca Heads – directors' valuation	144,000	144,000
Total Investment property	739,000	739,000

Movement in the carrying amounts for each investment property between the beginning and the end of the current financial year:

	17 Bank Street	19 Bank Street	Lot DP758749	Total
	\$	\$	\$	\$
2011				
Balance at the beginning of the year	385,000	210,000	144,000	739,000
Additions at cost	-	-	-	-
Additions at fair value	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	-	-	-	-
Carrying amount at the end of the year	385,000	210,000	144,000	739,000

NOTE 8: INTANGIBLE ASSETS

	2011	2010
	\$	\$
Poker Machine Entitlements – at cost	60,000	60,000
Accumulated amortisation	-	-
Accumulated Impairment Loss	(20,000)	(20,000)
Net carrying value	40,000	40,000

Nambucca Heads Bowling & Recreation Club Limited ABN 20 001 023 150

The poker machine entitlement are licences purchased under current government regulation that allow the club to increase the number of poker machines. It is considered that the life of the entitlements is indefinite, so the cost cannot be amortised. However, under the applicable accounting standards, intangible assets must be tested annually for impairment. Impairment on an asset occurs when the carrying amount exceeds the recoverable amount. When this occurs the value of the asset must be reduced to the lower amount with the resulting loss being shown in the Comprehensive Statement of Income. The total write down recognised to date is \$20,000 as shown above. No movement was recognised this or last year as there has been no movement in the advised market value of the entitlements.

Movements in Carrying Amounts

Movement in the carrying amounts for each intangible asset between the beginning and the end of the current financial year:

	Poker Machine Entitlements
	\$
2011	
Balance at the beginning of the year	40,000
Additions	-
Disposals	-
Amortisation charge	-
Impairment losses	-
Carrying amount at the end of the year	<u>40,000</u>

NOTE 9: TRADE AND OTHER PAYABLES

	Note	2011	2010
		\$	\$
CURRENT			
Trade payables		111,051	103,105
Deferred income		15,010	16,390
Other current payables		111,167	173,957
Employee benefits	11a	91,544	71,135
		<u>328,772</u>	<u>364,587</u>
NON-CURRENT			
Other Current Payables		5,062	11,811

Nambucca Heads Bowling & Recreation Club Limited ABN 20 001 023 150

a. Financial liabilities at amortised cost classified as trade and other payables.

Trade and other payables:

- total current		328,772	364,587
- total non-current		5,062	11,811
		<u>333,834</u>	<u>376,398</u>
Less deferred income		(15,010)	(16,390)
Less annual leave entitlements		(91,544)	(71,135)
Financial liabilities as trade and other payables	19	<u>227,280</u>	<u>288,873</u>

NOTE 10: BORROWINGS

	Note	2011	2010
		\$	\$
CURRENT			
Commercial Loan - secured	10(a)	96,000	96,000
Lease liabilities	12(a)	27,024	-
Total Current Borrowings		<u>123,024</u>	<u>96,000</u>
NON-CURRENT			
Commercial Loan - secured	10(a)	45,473	287,301
Lease liabilities	12(a)	40,458	-
Total Non-Current Borrowings		<u>85,931</u>	<u>287,301</u>
Total Borrowings	19	<u>208,955</u>	<u>383,301</u>

- a) Commercial variable rate loan repayable by principle and interest payments of \$6,111.81 per month until November 2018. The debt is secured by registered first mortgages over land and improvements, being the club premises at Nelson Street, Nambucca Heads, and the properties at 17 & 19 Bank Street, Nambucca Heads, together with an equitable mortgage over all assets of the club including the Liquor License. The carrying amounts of the assets pledged as security are set out in notes (2) to (7) in these financial statements. The loan is currently being repaid at \$8,000 per month with lump sum early repayments being settled as available from the cash flow surplus.
- b) Business Line of Credit facility of \$300,000 repayable by variable interest only payments to the date of review on 1st November 2011. The entity has not utilised this loan facility during the financial year.

NOTE 11: PROVISIONS

	Employee Benefits	Total
	\$	\$
Opening balance at 1 June 2010	74,880	74,880
Additional provisions raised during year	16,697	16,697
Amounts used	(12,760)	(12,760)
Balance at 31 May 2011	<u>78,817</u>	<u>78,817</u>
	2011	2010
Analysis of total provisions		
Current	69,225	63,726
Non-current	9,592	11,154
	<u>78,817</u>	<u>74,880</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 have been included in Note 1.

NOTE 12: LEASING COMMITMENTS

a) **Finance Lease commitments**

Finance leases relate to lease agreements for three Poker Machines and their related licenses for a term of 36 months. The liability is secured by the underlying assets.

	2011	2010
	\$	\$
Payable – minimum lease payments:		
– not later than 12 months	27,024	-
– later than 12 months but not later than five years	40,458	-
– greater than five years	-	-
	<u>67,482</u>	-

b) **Future Operating Lease/Rental commitments**

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

	2011	2010
	\$	\$
Payable – minimum lease payments:		
– not later than 12 months	5,316	7,635
– later than 12 months but not later than five years	3,965	9,281
– greater than five years	-	-
	9,281	16,916

The lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a 3 year term.

The operating leases relate to the lease of a Multiscreen Communication System and a Multifunctional Photocopier. No capital commitments exist in regards to the lease commitments at year-end.

NOTE 13: STATEMENT OF CASHFLOWS

a) **Reconciliation of Cash**

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and investments in Money Market instruments net of outstanding bank overdrafts.

	Note	2011	2010
		\$	\$
Bank		54,457	53,746
Cash on Hand		45,213	46,232
Interest Bearing Deposit		15,883	15,622
	2	115,553	115,600

b) **Reconciliation of net cash provided by operating activities to operating profit after income tax**

Operating profit/(loss) after tax and			
Abnormal items		264,612	129,836
Depreciation, amortisation and impairment on			
Non-current assets		155,768	118,922
Loss on disposal of assets		10,009	1,904
Changes in net assets, liabilities			
Decrease/(Increase) in current assets		(4,202)	(13,357)
Increase/(Decrease) in current liabilities		(11,698)	69,339
Increase/(Decrease) in leave provisions		3,937	(3,244)
Net cash provided by operating activities		418,426	303,404

NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	2011	2010
	\$	\$
Estimates of the potential financial effect of contingent liabilities that may become payable:		
Claims: NIL	NIL	NIL

At the date of these financial statements, the Club is not aware of any claim for damages that has been brought against the company by customers. The Club has secured a performance bond for the maximum aggregate amount of five thousand dollars (\$5000.00) issued by the Bananacoast Community Credit Union in favour of the Totalizator Agency Board of New South Wales as a required Security deposit. An amount of \$100.00 is payable to the Bananacoast Community Credit Union each year for the provision of the performance bond.

NOTE 15: EVENTS AFTER THE REPORTING PERIOD

As far as the Directors are aware, there is no matter or circumstance that has arisen since the end of the financial year which will significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in subsequent years.

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

	2011	2010
	\$	\$
Key management personnel compensation	269,278	324,660

NOTE 17: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

NOTE 18: CAPITAL EXPENDITURE COMMITMENTS

Between the end of the financial year and the date of these financial statements, the entity had committed to the following capital commitments:

- Purchase of three (3) Poker Machines \$ 60,990.00
- Purchase of a replacement CCTV hard drive \$4484.00
- Purchase and installation of a new motor and compressor for the kitchen cool room \$14,967.70

NOTE 19: FINANCIAL RISK MANAGEMENT

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

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2011	2010
		\$	\$
Financial assets			
Cash and cash equivalents	2	115,553	115,600
Loans and receivables	3	18,314	3,469
Total financial assets		<u>133,867</u>	<u>119,069</u>
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	9(a)	227,280	288,873
– Borrowings	10	208,955	383,301
Total financial liabilities		<u>436,235</u>	<u>672,174</u>

Net Fair Values

The net fair values of financial assets and financial liabilities are their carrying value as disclosed in the Statement of Financial Position. These values have been determined in accordance with the Statement of Significant Accounting Policies in Note1 and other Notes contained in these Notes to Accounts.

NOTE 20: RESERVES

a. **Revaluation Surplus**

The revaluation surplus records the revaluations of non-current assets.

2011	2010
\$	\$
<u>1,276,026</u>	<u>1,276,026</u>

**NAMBUCCA HEADS BOWLING AND RECREATION CLUB LIMITED
ABN 20 001 023 150
DIRECTORS' DECLARATION**

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 12 to 35, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 31st May 2011 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made and signed in accordance with a resolution of the Board of Directors pursuant to Section 295 (5) of the Corporations Act (2001)

L. J. Hunt
Director

J. R. Wilson
Director

Dated this 17th Day of August 2011



Nambucca Heads Bowling & Recreation Club Limited ABN 20 001 023 150

Period Ending 31st May	Assets \$	Members Funds \$	Receipts from members & Visitors \$	Profit/ (Loss) \$	Net Cash Flow from Trading Activities \$
2011	3,646,467	3,024,860	3,249,857	264,612	418,426
2010	3,594,827	2,760,248	2,938,859	129,836	303,400
2009	3,515,608	2,630,412	2,290,324	37,326	195,012
2008	3,500,784	2,593,085	2,191,928	19,638	175,084
2007	3,364,406	2,573,448	2,263,085	(18,165)	183,013
2006	2,978,715	2,591,612	2,355,467	111,925	263,659
2005	2,554,197	2,118,378	2,236,163	140,240	268,000
2004	1,934,536	1,376,421	2,127,780	123,482	196,085
2003	1,734,529	1,252,939	2,242,310	46,800	191,002
2002	1,605,300	1,206,139	2,119,468	43,407	237,646
2001	1,566,973	1,107,733	2,014,292	(3,042)	195,438
2000	1,602,415	1,110,775	2,046,885	62,857	210,127
1999	1,579,163	1,047,918	1,888,056	110,017	234,942
1998	1,427,894	937,901	1,666,557	66,286	87,485
1997	1,305,910	871,615	1,582,517	30,606	(15,505)
1996	1,335,277	841,010	1,656,606	(90,697)	30,043
1995	1,226,380	811,809	1,528,074	(136,494)	(30,288)

Nambucca Heads Bowling & Recreation Club Ltd.

COMBINED CLUB DONATIONS AS AT 31ST MAY 2011

JUNIOR SPORTING BODIES

Nambucca Heads High School	\$	750.00	Rivers Netball Club	\$	400.00
Nambucca Valley Junior Cricket	\$	200.00	Bowraville Junior Rugby League	\$	300.00
Sparra's Fitness (junior boxing)	\$	350.00	Frank Partridge Primary School	\$	25.00
St Patricks Primary School	\$	120.00	Nambucca Valley Strikers	\$	500.00
Mid North Coast High School Bowls	\$	200.00	Nambucca Valley Little A's	\$	200.00
Beaches Netball Club	\$	300.00	Jayde Hill (athletics)	\$	100.00
Paul Davis (football)	\$	50.00	Nambucca Junior Surf Lifesaving	\$	100.00
North Coast Academy of Sport	\$	300.00			

BOWLS

Nambucca Heads Women's Bowling Club

- Triples Carnival	\$	450.00
- Hibiscus Pairs	\$	300.00
- Ken Howard Carnival	\$	550.00
- Other	\$	55.00
Bowls for Others (WBC)	\$	50.00
Vision Impaired & Blind Bowlers	\$	638.75
Ken Howard	\$	1500.00

Nambucca Heads Men's Bowling Club

- Junior/Senior Pairs	\$	300.00
- Presentation	\$	146.00
Junior Bowls	\$	1748.93
Eclipse Bowlers	\$	1762.63
Bowraville Men's Bowling Club	\$	100.00

OTHER

United Hospital Auxiliary Bingo	\$	4061.52	Relay for Life	\$	118.00
Daffodil Day (Cancer)	\$	200.00	Nambucca Heads Arts Council	\$	50.00
Bowraville Playgroup	\$	14.00	Westpac Helicopter	\$	653.85
Nambucca Valley Legacy	\$	1348.70	Jeans for Genes	\$	151.70
North Coast TAFE	\$	30.00	Action Support Group	\$	30.00
Nambucca Valley Darts Ass.	\$	98.70	Nambucca Heads Marine Rescue	\$	1690.00
Drag-en's Hot Rods Club	\$	110.00	Premiers Flood Relief Fund	\$	2305.85
Macksville Show Society	\$	100.00	Camp Quality	\$	200.00
Nambucca Valley Country Music Club	\$	694.35	Cancer Council	\$	2138.50
Gumbangirr Preschool	\$	30.00	Nambucca Heads Fishing Club	\$	305.00
Valley to Plateau	\$	3205.00	Nambucca Heads Volunteer Fire Brigade	\$	200.00
RAAF Association	\$	649.00	Ellie Stig Memorial Golf Day	\$	175.00
Heart Foundation	\$	100.00			

TOTAL DONATIONS \$30155.48

