

# **North Beach Recreation & Bowling Club Limited**

87 001 060 322

## **Financial Statements**

**For the Year Ended 30 June 2017**

# North Beach Recreation & Bowling Club Limited

87 001 060 322

## Contents

For the Year Ended 30 June 2017

	<b>Page</b>
<b>Financial Statements</b>	
Directors' Report	1
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	22
Independent Audit Report	23

### General information

The financial statements cover North Beach Recreation & Bowling Club Limited as an individual entity. The financial statements are presented in Australian dollars, which is North Beach Recreation & Bowling Club Limited's functional and presentation currency.

North Beach Recreation & Bowling Club Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### Registered office & Principal place of business

429 Mylestom Drive  
Mylestom NSW 2454

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2017. The directors have the power to amend and reissue the financial statements.

# North Beach Recreation & Bowling Club Limited

87 001 060 322

## Directors' Report

30 June 2017

The directors present their report on North Beach Recreation & Bowling Club Limited for the financial year ended 30 June 2017.

### Directors

The following persons were directors (in no particular order) of the company during the whole of the financial year and up to the date of this report, unless otherwise stated are:

<b>Names</b>	<b>Position</b>	<b>Appointed/Resigned</b>
J Heymans	President	Resigned 25/10/2016
R Tomlin	Director	Ongoing
R Cowley	Director	Ongoing
K Rees	President	Ongoing
L Cumming	Vice President	Ongoing
W Smith	Director	Resigned 25/10/2016
L Dowling	Director	Ongoing
M Tunley	Director	Appointed 25/10/2017 resigned 26/07/2017

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

### Objectives

The Company's short term & long term objectives are to:

- In the short term the company will continue to promote the game of lawn bowls and other such games, entertainment, pastimes and recreational activities, both indoor and outdoor, as the club sees fit. It also aims to provide modern and comfortable quality facilities and services for the benefit of its members and their guests
- In the long term it will continue to update the club's facilities and amenities to ensure the ongoing profitability and future viability of the company

### Strategy for achieving the objectives

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

The strategy to achieve the short and long term objectives of the club is through the provision of effective corporate governance including:

- Making decisions that are consistent with the club's role/purpose and the interests of members.
- Ensuring the club's business is conducted ethically and transparently.
- Compliance with any relevant legislative industrial and administrative requirements.
- Through support of the community.
- Measuring/Monitoring the profitability and efficiency of core trading activities.
- Obtaining value for club money spent by avoiding waste and extravagance in the use of

# North Beach Recreation & Bowling Club Limited

87 001 060 322

## Directors' Report

30 June 2017

### Strategy for achieving the objectives club resources.

- Providing value for money to members and guests.
- Providing a safe, healthy and discrimination-free club environment.
- Retaining quality staff, by promoting a culture of continuous professional development and training

### Principal activities

The principal activity of North Beach Recreation & Bowling Club Limited during the financial year consisted of promotion of the game of bowls and conducting a licensed club.

No significant changes in the nature of the Company's activity occurred during the financial year.

### Performance measures

The following measures are used within the Company to monitor performance:

As per ClubsNSW code of practice guidelines for assessing club performance and benchmarking. Including but not limited to:

- Assessing profitability through EBITDA
- Membership numbers
- Revenue centre profit benchmarking such as GP%
- Wage as a percentage of sales
- Assessing return on investment with regards to all expenditure.

### Company secretary

The following person held the position of Company secretary at the end of the financial year:

Ben Hamilton who has been in the Registered Club industry for over 18 years and has been the company secretary since 1 August 2017. Prior to this role, Benjamin was the Owner Operator of a small family hotel and before this the Secretary Manager of a medium size Registered Club.

### Members guarantee

North Beach Recreation & Bowling Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, ordinary members are required to contribute a maximum of \$2

The total amount that members of the company are liable to contribute if the company is wound up is \$2,036, based on 1,018 current ordinary members

# North Beach Recreation & Bowling Club Limited

87 001 060 322

## Directors' Report

30 June 2017

### Information on directors

The details of each director in office at the end of the financial period are as follows (In no particular order):

J Heymans  
Qualifications Project Manager  
Experience Director since October 2013 (Previous director) - resigned  
Special Responsibilities President to 25/10/2016

K Rees  
Qualifications Legal Secretary  
Experience Appointed October 2013  
Special Responsibilities Vice President to 25/10/2016 then President

R Tomlin  
Qualifications Retired  
Experience Director since May 2015 (Previous director)

R Cowley  
Qualifications Operations Manager  
Experience Director since 2012

L Cumming  
Qualifications Nurse Unit Manager  
Experience Appointed October 2013  
Special Responsibilities Vice President from 25/10/2016

W Smith  
Qualifications Retired Store Manager  
Experience Director since October 2014 - resigned 25/10/2016

L Dowling  
Qualifications Hospital Administration  
Experience Appointed October 2015

M Tunley  
Qualifications Director  
Experience Logistics  
Appointed October 2016 resigned July 2017

# North Beach Recreation & Bowling Club Limited

87 001 060 322

## Directors' Report

30 June 2017

### Meetings of directors

The number of general & special meetings (excluding the AGM) of the company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director (in no particular order) were:

	Directors' Meetings		Special Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
J Heymans	4	4	-	-
K Rees	12	12	2	2
R Tomlin	12	12	2	2
R Cowley	12	11	2	1
L Cumming	12	10	2	2
W Smith	4	4	-	-
L Dowling	12	9	2	2
M Tunley	8	7	2	2

### Auditor's independence declaration

A copy of the lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors:

Director: .....

K Rees

Dated: 30 August 2017

**North Beach Recreation & Bowling Club Limited**

87 001 060 322

**Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of North Beach Recreation & Bowling Club Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017, 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.

.....  
Murray McDonald  
Director - Audit  
Davies Knox Maynards  
Coffs Harbour

30 August 2017

# North Beach Recreation & Bowling Club Limited

87 001 060 322

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue	3	921,603	934,109
Cost of sales		<u>(427,142)</u>	<u>(474,633)</u>
<b>Gross profit</b>		<b>494,461</b>	459,476
Other revenue	3	741,965	682,070
Employee benefits expense		(528,095)	(593,882)
Borrowing expenses		(56,188)	(54,337)
Depreciation and amortisation expense		(123,742)	(124,042)
Subsidiary club expenses		(45,440)	(58,225)
Poker machine expenses		(35,568)	(47,722)
Net courtesy bus expenses		(9,287)	(8,138)
Insurance		(44,665)	(64,057)
Repairs and maintenance		(61,341)	(59,000)
Social, entertainment, and promotions		(65,153)	(61,305)
Cleaning		(64,761)	-
Utilities and phone		(53,848)	(54,413)
Printing, postage, and stationary		(12,871)	(13,884)
Raffles, bingo and competition expenses		(68,044)	(56,571)
Other expenses		<u>(129,683)</u>	<u>(103,468)</u>
<b>Surplus before income tax expense</b>		<b>(62,260)</b>	(157,498)
Income tax expense		-	-
<b>Surplus after income tax expense for the year attributable to the members</b>		<b><u>(62,260)</u></b>	<b><u>(157,498)</u></b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income attributable to members of the entity</b>		<b><u>(62,260)</u></b>	<b><u>(157,498)</u></b>

The accompanying notes form part of these financial statements.

# North Beach Recreation & Bowling Club Limited

87 001 060 322

## Statement of Financial Position

30 June 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	4	129,711	245,262
Trade and other receivables	5	7,885	6,431
Inventories	6	40,049	39,404
TOTAL CURRENT ASSETS		<u>177,645</u>	<u>291,097</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,365,631	2,465,524
Intangible assets	8	300	300
TOTAL NON-CURRENT ASSETS		<u>2,365,931</u>	<u>2,465,824</u>
TOTAL ASSETS		<u><u>2,543,576</u></u>	<u><u>2,756,921</u></u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	109,272	97,900
Borrowings	10	62,148	89,684
Employee benefits	11	85,103	86,923
TOTAL CURRENT LIABILITIES		<u>256,523</u>	<u>274,507</u>
NON-CURRENT LIABILITIES			
Borrowings	10	878,468	1,014,177
Employee benefits	11	17,595	14,987
TOTAL NON-CURRENT LIABILITIES		<u>896,063</u>	<u>1,029,164</u>
TOTAL LIABILITIES		<u><u>1,152,586</u></u>	<u><u>1,303,671</u></u>
NET ASSETS		<u><u>1,390,990</u></u>	<u><u>1,453,250</u></u>
<b>EQUITY</b>			
Retained earnings		<u>1,390,990</u>	<u>1,453,250</u>
TOTAL EQUITY		<u><u>1,390,990</u></u>	<u><u>1,453,250</u></u>

The accompanying notes form part of these financial statements.

**North Beach Recreation & Bowling Club Limited**

87 001 060 322

**Statement of Changes in Equity**

**For the Year Ended 30 June 2017**

**2017**

	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2016</b>	<b>1,453,250</b>	<b>1,453,250</b>
Profit attributable to members of the entity	<b>(62,260)</b>	<b>(62,260)</b>
<b>Balance at 30 June 2017</b>	<b>1,390,990</b>	<b>1,390,990</b>

**2016**

	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2015</b>	<b>1,610,748</b>	<b>1,610,748</b>
Profit attributable to members of the entity	<b>(157,498)</b>	<b>(157,498)</b>
<b>Balance at 30 June 2016</b>	<b>1,453,250</b>	<b>1,453,250</b>

The accompanying notes form part of these financial statements.

# North Beach Recreation & Bowling Club Limited

87 001 060 322

## Statement of Cash Flows For the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	1,827,616	1,775,610
Payments to suppliers and employees	(1,756,073)	(1,789,548)
Interest received	-	25
Net cash provided by (used in) operating activities	17 <u>71,543</u>	<u>(13,913)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	10,136	-
Purchase of property, plant and equipment	(33,985)	(32,122)
Net cash used by investing activities	<u>(23,849)</u>	<u>(32,122)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of bank loans	(124,392)	(46,242)
Payment of finance lease liabilities	(38,853)	(27,295)
Net cash used by financing activities	<u>(163,245)</u>	<u>(73,537)</u>
Net increase (decrease) in cash and cash equivalents held	(115,551)	(119,572)
Cash and cash equivalents at beginning of year	<u>245,262</u>	364,834
Cash and cash equivalents at end of financial year	4 <u><u>129,711</u></u>	<u><u>245,262</u></u>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **New, revised or amending Accounting Standards and Interpretations adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. The company's assessment is that these new standards and interpretations will have no material impact on the company's financial statements.

#### **(a) Basis of Preparation**

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements

These are special purpose financial statements that have been prepared for the purposes of complying with the *Corporations Act 2001* requirements to prepare and distribute financial statements to the members of North Beach Recreation & Bowling Club Limited. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of North Beach Recreation & Bowling Club Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for-profit oriented entities.

##### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

##### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

#### **(b) Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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

##### *Sale of goods*

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

##### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

#### (c) **Comparative Amounts**

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

#### (d) **Income Tax**

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

#### (e) **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

#### (f) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (g) **Trade and other receivables**

Trade and other receivables are recognised at amortised cost, less any provision for impairment.

#### (h) **Property, Plant and Equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (h) Property, Plant and Equipment

##### Land and buildings

Land and buildings are measured using the cost model.

##### Plant and equipment

Plant and equipment are measured using the cost model.

##### Depreciation

Depreciation is calculated on both a straight-line basis or diminishing value depending on the asset to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

The estimated useful lives used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Useful life</b>
Buildings	40 Years
Plant and Equipment	5 - 30 Years
Poker machines	4 - 7 Years
Improvements	40 Years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

#### (i) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit

#### (j) Employee benefits

##### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled

##### *Other long-term employee benefits*

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2017**

### **1 Summary of Significant Accounting Policies**

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### **(k) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

#### **(l) 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 are 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 that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of 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.

#### **(m) Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and are net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 1 Summary of Significant Accounting Policies

#### (n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Pronouncement	<b>AASB 15 Revenue from Contracts with Customers</b>
Nature of the Change in Accounting Policy	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.
Effective Date	AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. Annual reporting periods beginning on or after 1 January 2019
Expected Impact on the Financial Statements	Management and the Board of Directors have assessed any impact as minimal.
Pronouncement	<b>AASB 1058 Income of NFP Entities</b>
Nature of the Change in Accounting Policy	AASB 1058 supersedes all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. AASB 1058 applies when a NFP entity enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In this case, the entity recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard (eg AASB 116 Property, Plant and Equipment). Upon initial recognition of the asset, this Standard also requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable Accounting Standard, such as: (a) contributions by owners; (b) revenue, or a contract liability arising from a contract with a customer; (c) a lease liability; (d) a financial instrument; or (e) a provision.
Effective Date	Annual reporting periods beginning on or after 1 January 2019
Expected Impact on the Financial Statements	Management and the Board of Directors have assessed any impact as minimal.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2017**

### **2 Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### **Estimation of useful lives of assets**

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### **Employee benefits provision**

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

# North Beach Recreation & Bowling Club Limited

87 001 060 322

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 3 Revenue

	2017	2016
	\$	\$
<b>Sales revenue</b>		
- Bar sales	898,010	864,519
- Sale of cigarettes and tobacco	23,593	69,590
	<u>921,603</u>	<u>934,109</u>
<b>Other revenue</b>		
Poker machine receipts	467,778	456,058
Subsidiary club income	54,076	55,258
Raffle income	58,862	48,556
Keno income	38,662	31,334
Recoveries	15,991	-
Other income	82,004	102,606
Tennis club donation & income	24,592	-
	<u>741,965</u>	<u>693,812</u>
<b>4 Cash and cash equivalents</b>		
Cash on hand	45,500	45,814
Cash at bank	84,211	90,737
Short-term bank deposits	-	108,711
	<u>129,711</u>	<u>245,262</u>

# North Beach Recreation & Bowling Club Limited

87 001 060 322

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 5 Trade and other receivables

	2017	2016
	\$	\$
CURRENT		
Deposits	5,000	5,000
Sundry debtors	2,885	1,431
	<u>7,885</u>	<u>6,431</u>

### 6 Inventories

CURRENT		
At cost:		
Inventory	<u>40,049</u>	<u>39,404</u>

### 7 Property, plant and equipment

#### LAND AND BUILDINGS

##### Freehold land

Land at cost	9,400	9,400
Bowling greens at cost	18,157	18,157
Total freehold land	<u>27,557</u>	<u>27,557</u>

##### Buildings

At cost	2,993,889	3,036,756
Accumulated depreciation	(990,897)	(993,334)
Total buildings	<u>2,002,992</u>	<u>2,043,422</u>
Total land and buildings	<u>2,030,549</u>	<u>2,070,979</u>

##### Plant and equipment

At cost	1,579,268	1,787,184
Accumulated depreciation	(1,244,186)	(1,392,639)
Total plant and equipment	<u>335,082</u>	<u>394,545</u>

##### Total property, plant and equipment

	<u>2,365,631</u>	<u>2,465,524</u>
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## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 7 Property, plant and equipment

#### (a) Movements in carrying amounts of property, plant and equipment

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 \$	Buildings \$	Plant and Equipment \$	Total \$
<b>Year ended 30 June 2017</b>				
Balance at the beginning of year	27,557	2,043,422	394,545	2,465,524
Additions	-	26,225	7,760	33,985
Disposals - written down value	-	(4,286)	(5,850)	(10,136)
Depreciation expense	-	(62,369)	(61,373)	(123,742)
<b>Balance at the end of the year</b>	<b>27,557</b>	<b>2,002,992</b>	<b>335,082</b>	<b>2,365,631</b>
<b>Year ended 30 June 2016</b>				
Balance at the beginning of year	27,557	2,107,985	363,915	2,499,457
Additions	-	-	90,121	90,121
Disposals - written down value	-	-	(12)	(12)
Depreciation expense	-	(64,563)	(59,479)	(124,042)
<b>Balance at the end of the year</b>	<b>27,557</b>	<b>2,043,422</b>	<b>394,545</b>	<b>2,465,524</b>

### 8 Intangible Assets

	2017 \$	2016 \$
Formation costs	300	300
	<b>300</b>	<b>300</b>

### 9 Trade and other payables

CURRENT			
Trade payables		51,315	39,586
GST payable		17,561	14,155
Other payables		40,396	44,159
		<b>109,272</b>	<b>97,900</b>

# North Beach Recreation & Bowling Club Limited

87 001 060 322

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 10 Borrowings

	2017	2016
	\$	\$
CURRENT		
BCU Bank Loan	41,992	50,831
Lease liability	20,156	38,853
	<u>62,148</u>	<u>89,684</u>
NON-CURRENT		
BCU Bank Loan	848,762	964,315
Lease liability	29,706	49,862
	<u>878,468</u>	<u>1,014,177</u>

#### Assets pledged as security

The bank loan is secured by a first mortgage over the consolidated entity's land and buildings. Finance leases including operating leases that have been capitalised are secured against equipment.

### 11 Employee Benefits

Current liabilities		
Provision for employee benefits	85,103	86,923
Non-current liabilities		
Provision for employee benefits	17,595	14,987

### 12 Leasing Commitments

#### (a) Finance Leases

Minimum lease payments:		
- not later than one year	20,156	38,853
- between one year and five years	29,706	49,862
Minimum lease payments	<u>49,862</u>	<u>88,715</u>
Present value of minimum lease payments	<u>49,862</u>	<u>88,715</u>

Finance leases (including capitalised operating leases) are in place for operational equipment and the remaining terms are between 25 and 54 months.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 13 Remuneration of Auditors

	2017	2016
	\$	\$
Remuneration of the auditor of the Company for:		
- auditing or reviewing the financial report	11,969	11,670
- preparation of annual statutory accounts	1,776	1,740
	<u>13,745</u>	<u>13,410</u>

### 14 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017 (30 June 2016:None).

### 15 Commitments

The Company had no commitments for expenditure as at 30 June 2017 and 30 June 2016.

### 16 Events after the reporting period

The financial report was authorised for issue on 30 August 2017 by the board of directors.

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

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 17 Cash Flow Information

#### Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2017	2016
	\$	\$
Profit for the year	(62,260)	(157,498)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	123,742	124,042
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(1,454)	-
- (increase)/decrease in prepayments	-	8,475
- (increase)/decrease in inventories	(645)	(1,963)
- increase/(decrease) in trade and other payables	11,372	6,863
- increase/(decrease) in provisions	788	6,168
Cashflow from operations	<u>71,543</u>	<u>(13,913)</u>

# North Beach Recreation & Bowling Club Limited

87 001 060 322

## Directors' Declaration

In the directors opinion:

1. the accompanying financial statements and notes, are in accordance with the *Corporations Act 2001*, including:
  - (a) comply with Australian Accounting Standards to the extent described in Note 1, the *Corporations Act 2001* and other mandatory professional reporting requirements; and
  - (b) give a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
2. 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 directors.

Director .....  
K Rees

Dated 30 August 2017

## North Beach Recreation & Bowling Club Limited

87 001 060 322

# Independent Audit Report to the members of North Beach Recreation & Bowling Club Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the accompanying financial report, being a special purpose financial report, of North Beach Recreation & Bowling Club Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Emphasis of Matter - Basis of Accounting

We draw attention to Note to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## **North Beach Recreation & Bowling Club Limited**

87 001 060 322

# **Independent Audit Report to the members of North Beach Recreation & Bowling Club Limited**

In preparing the financial report, the directors are responsible for assessing the the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**North Beach Recreation & Bowling Club Limited**

87 001 060 322

**Independent Audit Report to the members of North Beach Recreation & Bowling Club Limited**

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Murray McDonald  
Director Audit  
Davies Knox Mayanrds  
Coffs Harbour NSW 2450

30 August 2017