

NELSON BAY
BOWLING
RECREATION CLUB



**Annual Report
and
Financial Statements**

As at 30th June 2011

Board Members



Ian Spencer



Richard Gibson



Warren Lees



Neville Caban



Phillip Flack



Lorna Francis



Bill Gainsford

Notice of Annual General Meeting

TO BE HELD IN THE CLUBHOUSE AT 10.00 am

ON SUNDAY 16TH OCTOBER, 2011

AGENDA

1. Apologies.
2. Confirmation of Minutes of the previous AGM held on 10th October 2010.
3. To receive, consider and adopt the Directors' Report, the Annual Accounts and Statement of Financial Position and the Auditor's Report for the year ended 30th June 2011.
4. Minute silence for departed members
5. Notice of Motion:
 - (a) Honorariums
The Board recommends there be no change in the Honorariums to be paid for the Financial Year 2010/11.

Chairman	\$1,500
Deputy Chairman	\$1,500
Directors (5)	\$1,000
 - (b) The reasonable cost of a meal and beverage for each Director immediately before or immediately after a Board, Special Board or Committee Meeting on the day of that meeting when that meeting corresponds with a normal meal time.
 - (c) Reasonable expenditure by the Club for a Directors' annual dinner in order to give thanks to Directors of the Club and their spouses.
 - (d) The provision and marking out of car spaces for exclusive use by Directors and Management.
 - (e) Payment of the premium for Directors and Officers Insurance cover.
 - (f) The members hereby approve and agree to expenditure by the Club for the professional development and education of Directors until the next Annual General Meeting.
6. General Business.

Note

Any questions regarding the Annual Report, Statement of Financial Position and Income Statement should be in writing and be in the hands of the Secretary by 7th October 2011. This is to enable accurate and adequate replies to be given.

A. Gardner
Secretary Manager.
12.08.2011.

Chairman's Report

Fellow members, it is with great pleasure I present this report for year ending 30th June 2011. In what continues to be an ever changing Club industry as can be seen in the detail of the Financial Reports & our Secretary Managers report, the licensed club is in a sound financial position.

The Board, in conjunction with the Secretary Manager, recently approved the 2011-2012 Budget together with a number of strategies to ensure the Club moves on to a more successful financial path. The Board is very appreciative of Andrew's contribution in the short time since his appointment & we look forward to the improvements in both the gaming and bistro areas to achieve these results.

This year has been a highlight as far as bowls is concerned with both Ladies and Men members gaining District selection, Terry gaining Australian selection and Richard New Zealand selection. The achievement by the Men's No. 1 Pennant Side to win the Clubs 1st Zone 2 Flag was a wonderful effort. I would like to take this opportunity to thank the many members and staff for the time given during the recent Australian Sides Championships for making it the wonderful success that it was & for the praise given to the club from organizers, officials, players and visitors. Our gaining of hosting rights of the NSW Inter-Zone championships in September was another achievement for the club.

I would also like to thank and congratulate both Coralie & Ken, together with their committees for the work that they put in their roles as Presidents of the Ladies' & Men's bowling section & together with Terry, for their ongoing contribution to Bowls at the Club.

On behalf of the Board of Directors I would like to thank our Management team and staff for their efforts throughout the year & for making our club the successful and friendly place it is. To my fellow Directors thank you for your support & help & I look forward to the next 12 months. To the families of our departed members, on behalf of the Club, I offer our deepest Sympathy.



Ian Spencer
Chairman

Secretary Manager's Report

Firstly I would just like to thank all the Members, Directors and Staff of the club for the warm welcome and support I have received since joining the club in March 2011. The last financial year has seen a lot of challenges for the club however we are in a stable financial position to take on opportunities going forward. The club after allowing for \$560,296 in depreciation and \$298,376 for retiring debt has posted a loss of \$87,843.

The two main revenue areas that have contributed to this loss are gaming and catering. We also had a number of one off abnormal items that contributed being:

- Money spent on building the 4th green back to a championship standing.
- Costs with regard to changes in the management team – the resignation of Secretary Manager and Catering Manager.
- Costs associated with re-valuing our assets as directed by our bank
- Associated costs due to the purchase of new gaming entitlements increasing our fleet by 4 machines

Revenues in both catering and gaming over summer and particularly in the last two months of the year have been lower than traditionally expected. Winter certainly did hit the club with a vengeance from May, with our night catering and beverage sales dropping dramatically when compared to the previous year.

Since April both Directors and senior management have been working on plans to mitigate the losses that were occurring. From May we were able to reduce weekly wages and expenses significantly each week. Without this hard work the clubs loss may well have been much greater.

Going forward the Directors and I have set a challenging budget for the next 12 months. One that will write back the loss we have experienced and also support us to make changes in the operations to improve revenue. Our strategic plans for the next 12 months include:

- Begin cosmetic building works in the Marlins Bistro to give it a new image. This coupled with menu and operational changes will address falling sales.
- Further improvements to our gaming to improve comfort for players and the overall customer experience.
- Begin work on a rigorous maintenance schedule to maintain the property for the future.
- Make changes to our marketing strategy to drive sales in both summer and winter months.
- Maintain the clubs standing in the bowling community – attract more high level events to the club.

Nelson Bay Bowling & Recreation Club Limited

ABN 85 071 145 287

Secretary Manager's Report (continued)

At the time of writing this report we are still awaiting the final verdict on if the Federal Government will push ahead on plans to introduce mandatory pre-commitment to gaming machines in 2014. The outcome on this issue will have serious ramifications for all clubs. If implemented this will force the club to seriously redesign how it operates and its strategic plan going forward.

Lastly I would like to thank all the Directors, managers and staff for their hard work and support over the last 12 months. Thank you also to all those members who regularly support the club. I look forward to working with you all in the future to ensure the Nelson Bay Bowling Club remains the premier friendly, family club with a view of the Bay.

Andrew Gardner
Secretary Manager

Men's Bowls Report

The last 12 months have been an exciting and successful time for the bowlers at the club. The club has again won many titles with Brian Bateman & Terry Antram winning the Zone Pairs and going on to be Runner up in the State. Lou Bund successfully defended his Rookie pair's title at both Zone & State Level - Lou Partnered Jason Horn to again take out the Pairs titles. Lou also won the Zone Rookie Singles Title.

Nelson Bay was well represented at the Newcastle Bowler of the Year awards night with Brian Bateman taking out the Most Improved Bowler of the Year award in 2010 and Terry Antram winning the Bowler of the Year award (a first for Nelson Bay in both categories).

Another first for Nelson Bay and probably the most exciting was to have a representative at the Commonwealth Games (even if it was for another country), Richard Girvan represented New Zealand at the Games.

To start the 2011 season, Lou Bund, David Gilday, Kevin Robinson & Terry Antram won the 2011 Zone fours Final and will contest the State Championships in October.

Probably the most exciting news to date for 2011 has come from our Pennant Teams.

In 2010, we had five grades with no one winning their section, this year we again had five grades and we won three sections with two of the teams advancing through the post sectional matches to the final. Grades 1, 4 & 7-1's all won their section, the 1's & 4's both qualified for the Zone Finals and the Number 1's for the first time in the club's history won the Number 1 Zone 2 Pennant Flag. This has afforded us the opportunity to play for the NSW State No 1 Pennant Flag.

Other big news for the club was the hosting of the 2011 Australian Sides Championships. This event is one of the most prestigious events on the Bowls Australia Calendar and to be chosen as the host club should have been a big thrill for all members. The club performed very well during this event and the feedback from Bowls Australia was glowing. I am sure we will be looked favourably upon in the future to host more of these prestigious events.

2011 has also seen the club bring back green number 4, which will mean we can once again host large events. The next event will be the NSW Inter-Zone Round Robin in September. The club will also pursue other opportunities to host both National and International events in the future.

We have already approached Bowls NSW regarding one of their most prestigious events for the coming season, I will keep you updated on our progress regarding the hosting of this event.

With the recent successes the club has had in the bowling world I am sure the future of bowls in Nelson Bay will continue to go from strength to strength.

I would like to thank all the Volunteers for their help over the last twelve months and I look forward to our continued work together.

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Men's Bowls Report (continued)

The Greenkeepers have done a remarkable job over the past twelve months, rebuilding green four and giving the members four world-class greens and I would like to thank them for their continued efforts. Lastly, I would like to thank the Bowls President Ken Gray who works tirelessly to make sure the bowls at the club run as smoothly as possible.

I would like to wish our members all the very best in the next twelve months.

Yours in bowls

Terry Antram
Bowls Development Manager.

Women's Bowling Club Report

My second year as President has drawn to an end and this last year saw us move into extending our usual playing days of Tuesday and Thursday into Weekends and anytime players were available. This flexibility allowed the working ladies a chance to play in our Club Competitions. We have 76 members at this time.

Later in the year we are having a FRIENDS DAY where our members will be asked to invite a friend to have a game of bowls with us with the hope that some may decide that the game is an enjoyable sport and we may be lucky enough to have some new members join us.

Last year we had the "D" Group playoffs here and this year we had the Australian Sides Championships where our Ladies were involved in Umpiring, Catering, attending to the Score Boards and marking the singles. It was a very successful week and it was great to be involved.

No luck this year for the Ladies in procuring a Pennant Flag but congratulations to the men who won the Grade 1 Pennant. Best wishes to all for next year.

Congratulations to all the Club Champions for 2011 and to Pam Maloney who won the Peninsula Champion of Champion Major Single's competition.

Thank you Patrons Merle Conelius and Marcelle Richards for your support and our three life members Dorothy Sneddon, Margaret May and Norma Brown.

Many Thanks to Vice Presidents Diane Mawhinnew & Helen Nicholls, Secretary Lorna Francis and Treasurer Margaret Ariyawanawit, who have been a great support, and to all the committees for the work and time they put into these voluntary jobs.

My thoughts are with those of you that have lost Family and Friends this year and have had ill health.

Many thanks go to the Registered Club Staff for their friendly service and to Steve and Rod for our superb greens.

I wish success to the incoming Ladies committees and the Board of Directors for the next 12 months.

Good Bowling.

Thank you

Coralie Lewis

Nelson Bay Bowling & Recreation Club Limited

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Directors' Report

Your directors present this report of the Company for the financial year ended 30th June 2011.

DIRECTORS

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

NAME	POSITION	QUALIFICATION	YRS IN OFFICE
Ian Spencer	Chairman	Retired	5 years
Richard Gibson	Deputy Chairman	Retired	7 years
Phillip Flack	Director	Retired	9 years
Lorna Francis	Director	Retired	5 years
Warren Lees	Director	Retired	3 years
Neville Caban	Director	Retired	3 years
William Gainsford	Director	Retired	1 year
Joan Busch	Director	Retired	Resigned 10 October 2010

MEETINGS OF DIRECTORS

	No. eligible to attend	No. attended
Ian Spencer	12	12
Richard Gibson	12	12
Phillip Flack	12	10
Lorna Francis	12	12
Warren Lees	12	11
Joan Busch	3	3
Neville Caban	12	10
William Gainsford	9	9

MEMBERSHIP

The number of financial members as at the date of this report was:

	2011	2010
Bowling members	220	219
Social members	4,829	5,039
	<u>5,049</u>	<u>5,258</u>

Directors' Report

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year consisted of promotion of the game of bowls and conducting a licensed club. No significant change in the nature of these activities occurred during the year.

OPERATING RESULTS

The net (loss) for the year was (\$87,843) (2010 profit \$83,036)

DIVIDENDS

The Company is a not for profit organisation and precluded from paying dividends.

AFTER BALANCE DATE EVENTS

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

SHORT AND LONG TERM OBJECTIVES

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 clubs facilities and amenities and explore other areas of business to generate revenue in accordance with the Board's Master Plan. The Board's Master Plan is reviewed every 12 months to ensure it remains viable and is updated to reflect changes in the local market and to ensure the ongoing profitability and future of the Company.

STRATEGIES FOR ACHIEVING THESE OBJECTIVES

- Rejuvenate the Marlins bistro and overall catering offering within the club
- Continue to support Gaming growth by changing the layout of the floor, service standards, player comfort and player loyalty
- Continue to improve the clubs standing as a Bowling club, attract key events and provide the best possible bowling facilities.
- Increase the focus on repairs and maintenance to set the club up for the future.
- Continue to create more efficiency within the club operations - wages, expenses, stock control
- Use our marketing dollars wisely to drive revenue and club membership
- Bring the club back to a profitable position by the end of June 2012

Nelson Bay Bowling & Recreation Club Limited

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Directors' Report

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

DIRECTORS BENEFITS

No Director of the Company has received or become entitled to receive a benefit (other than the honorariums approved by the members at the previous annual general meeting and included in the accounts) by reason of a contract made by the Company with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest. Any transactions with the Company and the directors and their partners that occurred during the year in respect of meals, drinks and entertainment were within the normal terms and trading conditions of the Company.

INDEMNIFYING OFFICER OR AUDITOR

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any agreement for indemnifying against a liability incurred as an officer, including costs and expenses in defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the cost or expenses to defend legal proceedings.

During or since the financial year the Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving wilful breach of duty in relation to the Company.

MEMBERS GUARANTEE

If the company is wound up the constitution states that each member is required to contribute a maximum of \$2 per member towards meeting any outstanding obligations of the company. At 30th June 2011 the total number of members was 5,049.

MEASURES OF PERFORMANCE

The company's performance is measured on a monthly and annual basis against Board approved budgets and KPI's. It participates in benchmarking against other clubs via the clubdata online portal and these extensive reports which are published monthly and quarterly are an excellent tool for management to track performance and market trends.

Directors' Report

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out below.

Dated at Nelson Bay this 16th day of August 2011.

Signed in accordance with a resolution of the Directors.



I Spencer
Director

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF NELSON BAY BOWLING & RECREATION CLUB LIMITED

I declare that to the best of my knowledge and belief, during the year ended 30th June 2011 there have been:

- (i) no contraventions of the auditors independence requirement 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 H BUCKLEY FCA
BUCKLEY RICHARDSON PARTNERS

Dated this 15th day of August 2011.

4/63 Donald Street
Nelson Bay NSW 2315

Nelson Bay Bowling & Recreation Club Limited

ABN 85 071 145 287

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2011

	Note	2011	2010
		\$	\$
Revenue	2	6,891,513	7,081,361
Other Revenue	3	257,696	251,745
		<hr/>	<hr/>
		7,149,209	7,333,106
Bar & Food Purchases	4	1,567,395	1,562,589
Promotion & Entertaining		480,168	490,859
Occupancy Expenses		183,415	162,706
Poker Machine Tax		538,640	566,511
Repairs & Maintenance		163,069	166,936
Insurances		110,761	101,656
Payroll Tax		104,505	109,630
Borrowing Costs & Interest	5	154,117	162,335
Depreciation & Amortisation	6	560,296	552,025
Wages & Labour on-costs		2,571,764	2,604,226
Other Expenses		802,922	770,597
Total Expenses		<hr/>	<hr/>
		7,237,052	7,250,070
(Loss) for the Year		<hr/>	<hr/>
		(87,843)	83,036
Total Comprehensive income for the year		<hr/> <hr/>	<hr/> <hr/>
		(87,843)	83,036

Nelson Bay Bowling & Recreation Club Limited

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STATEMENT OF FINANCIAL POSITION AT 30TH JUNE 2011

	Note	2011	2010
		\$	\$
CURRENT ASSETS			
Cash Assets	7	168,530	260,802
Inventories	8	47,076	95,636
Other	9	59,590	63,175
TOTAL CURRENT ASSETS		275,196	419,613
NON CURRENT ASSETS			
Property, Plant & Equipment	10	10,726,263	11,071,896
Intangible Assets	12	211,451	135,247
TOTAL NON CURRENT ASSETS		10,937,714	11,207,143
TOTAL ASSETS		11,212,910	11,626,756
CURRENT LIABILITIES			
Payables	13	481,431	538,555
Provisions	14	223,025	286,648
Interest Bearing Liabilities	15	512,835	2,008,438
TOTAL CURRENT LIABILITIES		1,217,291	2,833,641
NON CURRENT LIABILITIES			
Provisions	14	72,762	45,463
Interest Bearing Liabilities	15	1,392,049	129,001
TOTAL NON CURRENT LIABILITIES		1,464,811	174,464
TOTAL LIABILITIES		2,682,102	3,008,105
NET ASSETS		8,530,808	8,618,651
EQUITY			
Reserves		4,278,468	4,306,574
Retained Profits		4,252,340	4,312,077
		8,530,808	8,618,651

Nelson Bay Bowling & Recreation Club Limited

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

	RETAINED EARNINGS	ASSET REVALUATION SURPLUS	TOTAL
	\$	\$	\$
Balance 1st July 2009	4,200,935	4,341,755	8,542,690
Profit attributable to the company	83,036	-	83,036
Transfer to Retained Earnings	28,106	(28,106)	-
Impairment of Assets	-	(7,075)	(7,075)
Balance at 30th June 2010	4,312,077	4,306,574	8,618,651
(Loss) attributable to the Company	(87,843)	-	(87,843)
Impairment of Assets			
Transfer to Retained Earnings	28,106	(28,106)	-
Balance 30th June 2011	4,252,340	4,278,468	8,530,808

Nelson Bay Bowling & Recreation Club Limited

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from Customers	6,991,400	7,173,007
Payments to suppliers and employees	(6,559,582)	(6,600,892)
Interest Received	2,465	3,473
Commissions Received	133,445	143,618
Borrowing Costs	(145,012)	(162,335)
Net cash generated from operating activities	422,716	556,871
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant & equipment	32,500	17,800
Payment for property, plant & equipment	(314,933)	(377,274)
Net cash used in investing activities	(282,433)	(359,474)
CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from Borrowings	-	48,864
Payment of interest bearing liabilities	(298,376)	(287,512)
Net cash (used in) generated from financing activities	(298,376)	(238,648)
Net (decrease) increase in cash held	(158,093)	(41,251)
Cash at the beginning of the financial year	260,802	302,053
Cash at the end of the financial year	102,709	260,802

Nelson Bay Bowling & Recreation Club Limited

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NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING 30TH JUNE 2011

Note: 1 Statement of Significant Accounting Policies

The financial report is for Nelson Bay Bowling & Recreation Club Limited as an individual entity.

Basis of Preparation

Nelson Bay 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 report is a general purpose financial report that has 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 a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

Accounting Policies

(a) Revenue

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

Revenue from the rendering of services is recognised upon the delivery of service to the customer.

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

(b) Income tax

No provision for income tax has been raised as the Company has been granted an exemption to Income Tax by the Australian Taxation Office. While this exemption does not relate to future years, the directors are of the opinion that there has been no change in the circumstances that might alter the exempt status of the Company.

(c) Inventories

Inventories are measured at the lower of cost and current replacement cost.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING 30TH JUNE 2011

(d) Property, Plant & Equipment

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

Note: 1 Statement of Significant Accounting Policies (continued)

Property

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

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 revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated over their useful lives to the Company commencing from the time the asset is held ready for use.

Nelson Bay Bowling & Recreation Club Limited

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NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING 30TH JUNE 2011

Note: 1 Statement of Significant Accounting Policies (continued)

The depreciation rates for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% Prime Cost
Furniture & Fittings	10% Prime Cost
Poker Machines	20% Prime Cost
Plant & equipment	10%-25% Prime Cost
Motor Vehicles	22.5% Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on disposal 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 reserve relating to that asset are transferred to retained earnings.

(e) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instruments. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability 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.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING 30TH JUNE 2011

Note: 1 Statement of Significant Accounting Policies (continued)

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) 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.

(iii) Held-to-maturity investments

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

(f) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original less principal payments and amortisation.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and options pricing models.

Overdrafts

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Nelson Bay Bowling & Recreation Club Limited

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NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING 30TH JUNE 2011

Note: 1 Statement of Significant Accounting Policies (continued)

Impairment

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

(g) Impairment of Assets

At each reporting date, 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 in 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 an asset's class, 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 reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

(h) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the net present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using market yields on national government bonds with terms to maturity that match the timing of cashflows.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING 30TH JUNE 2011

Note: 1 Statement of Significant Accounting Policies (continued)

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

(i) Cash and Cash Equivalents

Cash and cash equivalents includes 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.

(j) Goods & Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(k) Intangibles

Expenditure on Poker Machine Entitlements have been capitalised and included in intangible assets. The entitlements are tested annually for impairment and carried at cost less accumulated impairment losses if any.

Poker machine entitlements are a tradable commodity within the Clubs Industry. They are considered to have an indefinite useful life. However, as at 30 June 2011 the dollar value of poker machine licences to the Company in an open and unbiased (active) market was not able to be determined. Poker machine entitlements are therefore reported at historical cost. The directors do not consider that the licences have suffered any impairment loss.

(l) Provisions

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

Nelson Bay Bowling & Recreation Club Limited

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NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING 30TH JUNE 2011

Note: 1 Statement of Significant Accounting Policies (continued)

(m) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the company. Trade accounts are normally settled within 30 days.

(n) Comparative Figures

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

(o) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. The directors believe the carrying value of the land and buildings correctly reflects the fair value less costs to sell at 30th June 2011.

Key estimates - Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgments - Provision for Impairment

There are no critical accounting judgments which require specific disclosure except for those disclosed in Note 1 (k).

The final report was authorised to issue on 16th August 2011 by the directors of the company.

Nelson Bay Bowling & Recreation Club Limited

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NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2011

	Note	2011	2010
		\$	\$
Note 2: Revenue			
Bar		1,747,471	1,754,890
Poker Machine Net Income		3,135,180	3,258,921
Catering		1,911,745	1,966,404
Keno		77,106	80,218
TAB		20,011	20,928
		<hr/> 6,891,513	<hr/> 7,081,361
Note 3: Other Revenues			
Greens		115,216	104,684
Other Income		142,480	147,061
		<hr/> 257,696	<hr/> 251,745
Note 4: Bar & Food Purchases			
Bar		729,923	736,305
Catering		837,472	826,284
		<hr/> 1,567,395	<hr/> 1,562,589
Note 5: Borrowing Costs			
Commercial Bills and Trading account		129,873	141,730
Lease Purchase term Charges		24,244	20,605
		<hr/> 154,117	<hr/> 162,335
Note 6: Depreciation & Amortisation			
- Poker Machines		299,190	289,654
- Plant & Equipment & Motor Vehicles		106,897	107,952
- Buildings		154,209	154,419
		<hr/> 560,296	<hr/> 552,025
Note 7: Cash Assets			
Cash at Bank	16(a)	-	123,657
Cash on Hand		168,530	137,145
		<hr/> 168,530	<hr/> 260,802
Note 8: Inventories			
Bar Stock		27,797	29,804
Bistro Stock		15,284	61,832
Bowls Stock		3,995	4,000
		<hr/> 47,076	<hr/> 95,636
Note 9: Other Assets			
Prepayments		44,748	60,348
Sundry Debtors		14,842	2,827
		<hr/> 59,590	<hr/> 63,175

Nelson Bay Bowling & Recreation Club Limited

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NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2011

	Note	2011	2010
		\$	\$
Note 10: Property, Plant & Equipment			
Freehold land at independent valuation		3,831,675	3,831,675
Building at independent valuation		6,168,326	6,168,326
less accumulated depreciation		(359,961)	(205,752)
		<u>5,808,365</u>	<u>5,962,574</u>
Furniture, Plant & Equipment - at Cost		1,479,284	1,441,391
less accumulated depreciation		(1,020,942)	(918,860)
		<u>458,342</u>	<u>522,531</u>
Motor Vehicles - at Cost		6,000	43,067
less accumulated depreciation		(3,048)	(18,696)
		<u>2,952</u>	<u>24,371</u>
Poker Machines - at Cost		2,036,729	1,892,238
Less accumulated depreciation		(1,411,800)	(1,161,493)
		<u>624,929</u>	<u>730,745</u>
TOTAL PROPERTY PLANT & EQUIPMENT		<u><u>10,726,263</u></u>	<u><u>11,071,896</u></u>

Nelson Bay Bowling & Recreation Club Limited

ABN 85 071 145 287

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2011

Note 10: Property, Plant & Equipment (continued)

Movements in Carrying amounts

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

2010	F/Hold Land	Building at Independent Valuation	Furniture & Plant	Motor Vehicle	Poker Machines	Total
Balance at Beginning of the Year	3,831,675	6,116,781	551,881	30,399	720,702	11,251,438
Additions at cost	-	-	72,786	-	304,488	377,274
Disposals at wdv	-	-	-	-	(4,791)	(4,791)
Depreciation expense	-	154,207	102,136	6,028	289,654	552,025
Carrying amount at the end of the year	3,831,675	5,962,574	522,531	24,371	730,745	11,071,896
2011	F/Hold Land	Building at Independent Valuation	Furniture & Plant	Motor Vehicle	Poker Machines	Total
Balance at Beginning of the Year	3,831,675	5,962,574	522,531	24,371	730,745	11,071,896
Additions at cost	-	-	37,891	-	200,838	238,729
Disposals at wdv	-	-	-	(16,603)	(7,465)	(24,068)
Depreciation expense	-	154,209	102,080	4,816	299,189	560,294
Carrying amount at the end of the year	3,831,675	5,808,365	458,342	2,952	624,929	10,726,263

Nelson Bay Bowling & Recreation Club Limited

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NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2011

	Note	2011	2010
		\$	\$
Note 11: Key Management Personnel Compensation			
Salaries & Benefits		364,017	313,240
Superannuation		31,022	29,232
Total Compensation		<u>395,039</u>	<u>342,472</u>
Note 12: Intangibles			
Poker Machine Entitlements at Cost		<u>211,451</u>	<u>135,247</u>
Note 13: Payables			
Trade Creditors		139,047	194,904
Subscriptions in advance		60,867	63,985
PAYG Withholding & Payroll Deductions Payable		24,839	26,517
Other income in advance		4,668	13,868
Accruals		130,614	115,304
GST Payable (Refundable)		121,396	123,977
		<u>481,431</u>	<u>538,555</u>
Note 14: Provisions			
Current			
Employee Benefits		<u>223,025</u>	<u>286,648</u>
Non Current			
Employee Benefits		<u>72,762</u>	<u>45,463</u>
Note 15: Interest Bearing Liabilities			
Current			
Bank Overdraft		65,821	-
Commercial Bills - Secured		330,000	1,841,949
Lease purchase liabilities		117,014	166,489
		<u>512,835</u>	<u>2,008,438</u>
Non Current			
Lease purchase liabilities		59,549	129,001
Commercial Bills - Secured		1,332,500	-
		<u>1,392,049</u>	<u>129,001</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2011

Note 16

(i) The bank overdraft and Flexible Rate loan is secured by a fixed and floating charge over the whole of the assets of the Company including goodwill and uncalled capital, and called but unpaid capital together with relative insurance policy assigned to the National Australia Bank limited.

(ii) The lease purchase liabilities are secured by a registered mortgage debenture over the whole of the assets and undertakings of the Company, including uncalled capital and called but unpaid capital and a Master Asset Finance Agreement with National Australia Bank Limited. The lease purchase facilities vary from 2 months to 41 months.

(iii) The flexible rate loan from the National Australia Bank is a rolling monthly facility. It expires on the 29th May 2018. The fixed portion of the loan is \$750,000 @ 8.71% pa and the floating portion of the loan is \$912,500 at 7.745% pa.

	2011	2010
	\$	\$

Note 17: Capital and Lease Commitments

Payable - minimum lease payments

- not later than 12 months	129,408	187,856
- later than 12 months but not later than 5 years	68,117	146,605
	<u>197,525</u>	<u>334,461</u>
Less: Future finance charges	(20,962)	(38,971)
	<u><u>176,563</u></u>	<u><u>295,490</u></u>

Note 18: Financial Risk Management

Financial Risk Management Policies

The Company's financial instruments consist mainly of cash, accounts receivable and payable, borrowings and lease purchase contracts. The Company does not have any derivative instruments at 30th June 2011.

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

Financial Assets

Cash & Cash Equivalents	168,530	260,802
Receivables	14,842	2,827
	<u>183,372</u>	<u>263,629</u>

Financial Liabilities

Trade & Other Payables	481,431	538,554
Borrowings	1,904,884	2,137,439
	<u>2,386,315</u>	<u>2,675,993</u>

Nelson Bay Bowling & Recreation Club Limited

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NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2011

Note 19: Entity Detail

The registered office of the Company is:

Stockton Street
Nelson Bay NSW 2315

The principal place of business is:

Nelson Bay Bowling & Recreation Club Limited
Stockton Street
Nelson Bay NSW 2315

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes as set on pages 12 to 28 are in accordance with the Corporations Act 2001, including:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position of the Company as at 30th June 2011 and of the performance for the year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors



I Spencer
Director

Dated this 16th day of August 2011.

Nelson Bay Bowling & Recreation Club Limited

ABN 85 071 145 287

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF NELSON BAY BOWLING & RECREATION CLUB LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Nelson Bay Bowling & Recreation Club Limited which comprises the Statement of Financial Position as at 30th June 2011, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a Summary of Significant Accounting Policies and other explanatory notes and the directors declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with the Accounting Standard AASB 101: Presentation of financial statements that, compliance with Australian Accounting Standards Reduced Disclosure Requirements ensures that the financial report, comprising the financial statements and notes, complies with Australian Accounting Standards Reduced Disclosure Requirements.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 Company'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 Company's internal control.

INDEPENDENT AUDIT REPORT (continued)

An audit also includes evaluating the appropriateness of accounting policies used and the 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 Nelson Bay Bowling & Recreation Club Limited on 16th August 2011, would be in the same terms if provided to the directors as at the date of this audit report.

Audit Opinion

In our opinion, the financial report of Nelson Bay 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 30th June 2011 and of its performance for the year ended on that date; and
- (b) Complying with Australian Accounting Standards Reduced disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



PETER H BUCKLEY FCA
BUCKLEY RICHARDSON PARTNERS

4/63 Donald Street
Nelson Bay 2315

Dated at Nelson Bay this 16th day of August 2011.



Nelson Bay Bowling Club Ltd
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