

BANGALOW BOWLING & SPORTS CLUB LTD

ABN: 97 001 017 938

**Annual Financial Report For The Year Ended
31 December 2009**

Bangalow Bowling & Sports Club Ltd

31 December 2009

ABN: 97 001 017 938

CONTENTS

Directors' Report

Auditor's Independence Declaration

Income Statement

Balance Sheet

Statement of Recognised Income and Expenditure

Cash Flow Statement

Notes to the Financial Statements

Directors' Declaration

Independent Audit Report

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 31 December 2009.

Directors

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

Robert Alan Dudgeon
Steven James Nolan (retired 25/06/09)
Neil Robert Fuller
William David Buckle
Ian John Alexander Ulrick
Nita Maree Grissell
Benjamin Leonard Hall (retired 25/06/09)
Stephen John Ransley (appointed 25/06/09)
Joshua James Grissell (appointed 25/06/09)
Jade Maxine van der Wall (appointed 25/06/09)
Michael John Bindley (appointed 25/06/2009)

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

Company Secretary

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

Lynne Lorraine Simons was appointed company secretary on 7 October 2008.

Principal Activities

The principal activities of the entity during the financial year have been to provide members with lawn bowling facilities and licensed club facilities.

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

Operating Results

The loss of the entity amounted to \$ 14,709. (2008: loss of \$11,051)

Review of Operations

Total revenue for the year amounted to \$667,678 which is significantly above last year's \$627,903. Beverage sales continue to show improvement. Gaming revenue showed a very slight decrease on the prior year.

Gross margins have improved on the prior year and have made a satisfactory contribution to the entity's overheads.

Employment costs are only marginally up on last year.

Depreciation and amortisation amounted to \$29,963.

Other expenses amounted to \$266,402 compared to the prior year's \$249,371. Further details are provided in note 4(b).

Overall the entity's performance has in fact improved on the previous year. The previous year's results included the non-recurrent water grant contribution from the Government. Your attention is drawn to note 3(a).

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
DIRECTORS' REPORT

Significant Changes in State of Affairs

The entity's net asset position has reduced from \$187,682 in 2008 to \$172,973 in 2009. The Board has taken the following measures to address the entity's state of affairs:

The Board has implemented new computer systems to improve efficiency, replacing the dated methods employed for many years. These new systems should allow staff to dedicate more time to promoting the entity. The hope is that new members will be attracted to the Club by being able to offer rewards for membership. An example of reward already being received by current members is \$2.00 discounts on member meals.

A small grant was achieved by the entity with assistance of Colin Draper to enable a new solar hot water system to be installed along with energy efficient lighting. This should help combat the ever rising power costs.

- New look membership cards have been created which link directly with the Entrance Terminal allowing members to achieve rewards from entity's promotions.
- A state of the art POS (senPOS) system has been installed replacing the old front of house registers. The new system gives accurate transaction reports, tracks stock movement and allows members to accrue points when using the entity's facilities.
- CMS cabling is now installed to enable poker machine meters to be read automatically which reduces administration work load and eliminates the need and cost of reports being produced by Aristocrat as all report can be generated internally.
- A website has been created to enable members to have access to financial reports, promotions, sporting events calendars and events at the touch of a button. The website will also reduce the cost of mailing Annual Financial Reports and relative information to members.

After Balance Date Events

On 15 March 2010, Robert Dudgeon advised the Treasurer of a revision to the loan agreement he had with the entity, whereby the maturity date of the loan was revised from 31 December 2010 to 31 December 2012. Furthermore, monthly repayments of \$500 were waived so that the full amount of the loan became due and payable on 31 December 2012.

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

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
DIRECTORS' REPORT

Future Developments

To address the entity's operational results and maximise its equity position, the following developments continue to receive focus:

- To develop strategies to overcome ongoing areas of concern in the Club's trading performance.
- Main areas of income to be targeted include establishing "profitable" functions / entertainment, extend the use of the auditorium facilities to include hire to companies requiring training venues.
- Continue monitoring of bar prices and stock purchases and review / implementation strategies to poker machine upgrades and replacement.

Environmental Issues

The entity's operations are subject to significant environmental regulation under the law of the Commonwealth and State. Details of the entity's performance in relation to environmental regulation are as follows:

Water reticulation systems have been installed to save on water usage. Re-cycled water is now used for toilet flushing and watering of the bowling greens. An automatic sprinkler system has been installed.

Core – Non Core Property as required under Section 41J of The Registered Clubs Act

Section 41J of the Act defines core property as meaning any real property owned or occupied by the Club that comprises:-

- (a) the defined premises of the club, or
- (b) any facility provided by the club for use of its members and their guests' or
- (c) any other property declared, by resolution passed by a majority of the members present at a general meeting of the ordinary members of the club, not to be core property of the Club.

Non-core property is defined as meaning any real property owned or occupied by the Club that is not core property.

Information on Directors

Robert Alan Dudgeon	—	Chairman
Qualifications	—	Member of the Board 11 years
Special Responsibilities	—	Grounds Committee
Steven James Nolan	—	Deputy Chairman
Qualifications	—	Member of the Board 13 months
Neil Robert Fuller	—	Treasurer
Qualifications	—	Member of the Board 19 months
Special Responsibilities	—	Finance committee
William David Buckle	—	Director
Qualifications	—	Member of the Board 19 months
Special Responsibilities	—	Finance; House & Bar Committees
Ian John Alexander Ulrick	—	Director
Qualifications	—	Member of the Board 19 months
Special Responsibilities	—	Social; House & Bar Committees
Nita Maree Grissell	—	Director
Qualifications	—	Member of the Board 5 years
Special Responsibilities	—	Social; House & Bar Committees

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
DIRECTORS' REPORT

Benjamin Leonard Hall	—	Director
Qualifications	—	Member of the Board 13 months
Special Responsibilities	—	Social Committee
Stephen John Ransley	—	Director
Qualifications	—	Member of the Board 6 months
Joshua James Grissell	—	Director
Qualifications	—	Member of the Board 6 months
Special Responsibilities	—	Finance Committee
Jade Maxine van der Wall	—	Director
Qualifications	—	Member of the Board 6 months
Michael John Bindley	—	Director
Qualifications	—	Member of the Board 6 months
Special Responsibilities	—	Finance Committee

Meetings of Directors

During the financial year, 12 meetings of directors were held. Attendees by each director were as follows:

	Directors Meetings	
	Number eligible to attend	Number attended
Robert Alan Dudgeon	12	12
Steven James Nolan	6	6
Neil Robert Fuller	12	9
William David Buckle	12	10
Ian John Alexander Ulrick	12	9
Nita Maree Grissell	12	12
Benjamin Leonard Hall	6	4
Stephen John Ransley	6	5
Joshua James Grissell	6	6
Jade Maxine van der Wall	6	6
Michael John Bindley	6	6

Indemnifying Officers or Auditor

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

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 a wilful breach of duty in relation to the company.

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
DIRECTORS' REPORT

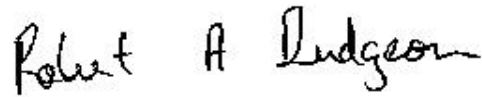
Proceedings on Behalf of the Entity

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2009 has been received and can be found on page following the directors' report.

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



Director

Robert Alan Dudgeon

Dated this 29th day of March 2010

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF
THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2009 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.

Watson and Fenton Chartered Accountants

Name of Firm Watson & Fenton Chartered Accountants



Name of Partner Barry Dunnett

Date 28 March 2010

Address Suite 218 Showcase on the Beach
72-80 Marine Parade
Coolangatta QLD 4225

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 \$	2008 \$
Revenue	3	667,678	627,903
Other income	3	11,187	38,027
Employee benefits expense		(166,020)	(160,914)
Depreciation and amortisation	4	(29,963)	(25,286)
Finance costs		(9,900)	(11,465)
Changes in inventories		(5,900)	(7,544)
Purchases		(215,389)	(222,401)
Other expenses	4b	(266,402)	(249,371)
Loss before income tax	3	(14,709)	(11,051)
Income tax expense	1	-	-
Loss after income tax		<u>(14,709)</u>	<u>(11,051)</u>

Statement of Comprehensive Income / (Deficit)

Revenue	667,678	627,903
Loss after income tax	(14,709)	(11,051)
Other comprehensive income	-	-
Total Comprehensive (Deficit)	<u>(14,709)</u>	<u>(11,051)</u>

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
BALANCE SHEET AS AT 31 DECEMBER 2009

	Note	2009 \$	2008 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	39,565	43,091
Trade and other receivables	6	8,261	288
Inventories	7	9,080	14,980
Other assets	8	7,019	5,697
TOTAL CURRENT ASSETS		<u>63,925</u>	<u>64,056</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	268,178	277,255
Investment property	10	2,000	2,000
TOTAL NON-CURRENT ASSETS		<u>270,178</u>	<u>279,255</u>
TOTAL ASSETS		<u>334,103</u>	<u>343,311</u>
CURRENT LIABILITIES			
Trade and other payables	11	60,443	44,451
Borrowings	12	81,554	101,785
Short term provisions	13	6,488	-
TOTAL CURRENT LIABILITIES		<u>148,485</u>	<u>146,236</u>
NON-CURRENT LIABILITIES			
Borrowings	12	12,645	9,393
TOTAL NON-CURRENT LIABILITIES		<u>12,645</u>	<u>9,393</u>
TOTAL LIABILITIES		<u>161,130</u>	<u>155,629</u>
NET ASSETS		<u>172,973</u>	<u>187,682</u>
EQUITY			
Retained earnings		<u>172,973</u>	<u>187,682</u>
TOTAL EQUITY		<u>172,973</u>	<u>187,682</u>

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
STATEMENT OF RECOGNISED INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2009

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2008	198,733	198,733
Loss attributable to the entity	(11,051)	(11,051)
Balance at 31 December 2008	187,682	187,682
Loss attributable to the entity	(14,709)	(14,709)
Balance at 31 December 2009	<u>172,973</u>	<u>172,973</u>

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 \$	2008 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Grant receipts		10,296	35,640
Cash receipts		733,611	668,409
Payments to suppliers and employees		(698,226)	(664,934)
Interest received		41	70
Finance costs		<u>(11,385)</u>	<u>(13,070)</u>
Net cash provided from operating activities	18(b)	<u>34,337</u>	<u>26,115</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		<u>(20,886)</u>	<u>(56,683)</u>
Net cash used in investing activities		<u>(20,886)</u>	<u>(56,683)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in finance lease commitments		-	13,190
Proceeds from borrowings		17,818	61,717
Repayment of borrowings		(28,200)	(26,855)
Repayment of finance lease commitments		<u>(6,595)</u>	<u>(3,847)</u>
Net cash (used in) / provided by financing activities		<u>(16,977)</u>	<u>44,205</u>
Net increase / (decrease) in cash held		(3,526)	13,637
Cash at the beginning of the financial year		<u>43,091</u>	<u>29,454</u>
Cash at the end of the financial year	18(a)	<u><u>39,565</u></u>	<u><u>43,091</u></u>

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

The financial report is for Bangalow Bowling & Sports Club Ltd as an individual entity, incorporated and domiciled in Australia. Bangalow Bowling & Sports Club Ltd is a company limited by guarantee.

Note 1 Statement of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report AASB containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and 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.

Grant revenue is recognised in the income statement when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Donations and bequests are recognised as revenue when received.

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

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

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

(b) Inventories

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

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

(c) Property, Plant and 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.

Property

Freehold land and buildings are shown at cost less subsequent depreciation for buildings.

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.

Plant and equipment 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.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Buildings	3%
Furniture and equipment	10-15%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(d) Leases

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

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

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

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition (ii) less principal repayments (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(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 entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial liabilities

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

Fair value

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

Impairment

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

Derecognition

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

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(f) 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 to the Income Statement.

Where the future economic benefits of the asset are not primarily dependent upon on 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 assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

(g) Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to Balance Sheet date. 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.

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

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 Balance Sheet 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.

(j) Income Tax

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

(k) Intangibles

Software

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

(l) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(m) Comparative Figures

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

(n) 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 company.

Key Estimates

(a) Impairment

The company assesses impairment at each reporting date by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(o) New Accounting Standards for application in future periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:-

- AASB 2008-11: Amendments to Australian Accounting Standard – Business Combinations among Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 July 2009). These amendments make the requirements in AASB 3: Business Combinations applicable to business combinations among not-for-profit entities (other than restructures of local governments) that are not commonly controlled, and to include specific recognition, measurement and disclosure requirements in AASB 3 for restructures of local governments.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Company.
- AASB 2008-8: Amendments to Australian Accounting Standards – Eligible Hedged Items: [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Company.
- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 and AASB 110] (applicable for annual reporting periods commencing from 1 July 2009) This amendment requires that non-current assets held for distribution to owners to be measured at the lower of carrying value and fair value less costs to distribute.
- AASB Interpretation 17: Distributions of Non-Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.
- AASB Interpretation 18: Transfers of Assets from Customers (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively to entities that receive transfers of assets, such as plant and equipment from their customers in order to connect customers to a network and provide them with access to a supply of goods or services. The Interpretation outlines the appropriate accounting treatment in respect of such transfers.

The Company does not anticipate early adoption of any of the above reporting requirements and does not expect them to have any material effect on the Company's financial statements.

Note 2 Going Concern

During the year ended 31 December 2009, the entity incurred an operating loss of \$14,709 (2008 loss of \$11,051 after recognising a water grant contribution of \$35,640). The financial statements have been prepared on the going concern basis following consideration of:

- (a) The entity has credit facilities of \$100,000 of which \$ 12,033 was available for use at 31 December 2009. (2008: \$10,810) . The directors are confident of continuing financial support from their banker.
- (b) The directors continue to address the entity's day to day operations, particularly: improving patronage of its facilities; cost control measures; margins and stock purchases.

Note 3 Revenue and Other Income

	Note	2009 \$	2008 \$
Revenue			
— Beverage sales		497,838	460,026
— Gaming		116,650	120,551
— Government tax rebate		11,040	12,229
— Commission received		13,012	10,707
— Raffles and competitions		6,843	5,484
— Courtesy bus		6,903	8,073
— Member subscriptions		7,190	5,390
— Sundry revenue		3,860	1,532
— Rent received		4,300	3,841
		667,636	627,833
Other Revenue			
— Interest received on financial assets not at fair value through profit or loss	2b	42	70
		42	70
Total Revenue		667,678	627,903

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

Other Income		
Capital grants	10,296	35,640
Donations received	891	2,387
Total Other Income	<u>11,187</u>	<u>38,027</u>
Total Revenue and Other Income	<u>678,865</u>	<u>665,930</u>

(a) Recognition of income - capital grant (water)

In 2008, the entity received a water grant contribution of \$45,000 to achieve water savings for the entity. During this period, an amount of \$35,640 was expended on capital expenditure in terms of the project, with the balance of the contribution was expended in 2009.

The entity has recognised \$35,640 and \$10,296 as income in 2008 and 2009 respectively.

in 2008, an amount of \$35,640 was capitalised. In 2009, an amount of \$4,075 was capitalised and \$6,221 was expensed.

Note 4 Expenses

	2009	2008
	\$	\$
(a) Disclosable expenses		
Depreciation and Amortisation		
— land and buildings	8,805	8,805
— furniture and equipment	19,839	15,821
— capitalised leased assets	1,319	660
Total Depreciation and Amortisation	<u>29,963</u>	<u>25,286</u>
Auditor Remuneration		
— audit services	9,120	9,460
(b) Other expenses		
— Cleaning and contractor expenses	20,449	27,826
— Electricity	32,214	23,419
— Entertainment and promotions	27,801	28,121
— Advertising, stationery and postage	8,765	18,768
— Insurance	17,024	15,371
— Repairs and maintenance	30,920	28,593
— Administration services	13,100	20,348
— Sky rental	13,183	10,946
— Kitchen reimbursed meals	22,356	4,211
— Operating leases	4,987	-
— Security	7,935	9,008
— Rates and excess water	9,851	7,734
— Sponsorship	8,763	3,058
— Telephone and internet	5,558	8,636
— Other operating expenses	43,496	43,332
	<u>266,402</u>	<u>249,371</u>

Note 5 Cash and Cash Equivalents

	2009	2008
	\$	\$
CURRENT		
Cash at bank	21,015	24,712
Cash on hand	18,550	18,379
	<u>39,565</u>	<u>43,091</u>

Note 6 Trade and Other Receivables

	2009	2008
	\$	\$
CURRENT		
Other receivables	8,261	288
	<u>8,261</u>	<u>288</u>

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

Note 7 Inventories

	2009	2008
	\$	\$
CURRENT		
At cost		
Stock	9,080	14,980
	9,080	14,980

Note 8 Other Assets

	2009	2008
	\$	\$
CURRENT		
Prepayments	2,019	697
Deposits	5,000	5,000
	7,019	5,697

Note 9 Property, Plant and Equipment

	2009	2008
	\$	\$
LAND AND BUILDINGS		
Freehold land:		
At cost	6,000	6,000
Total Land	6,000	6,000
Buildings		
At cost	352,196	352,196
Less accumulated depreciation	(217,338)	(208,533)
Total Buildings	134,858	143,663
Total Land and Buildings	140,858	149,663
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	464,854	443,968
Less accumulated depreciation	(348,745)	(328,906)
	116,109	115,062
Leased plant and equipment		
Capitalised leased plant and equipment	13,190	13,190
Less amortization	(1,979)	(660)
	11,211	12,530
Total plant and equipment	127,320	127,592
Total property, plant and equipment	268,178	277,255

Movements in Carrying Amounts

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

	Land	Buildings	Furniture and Equipment	Leased Assets	Total
	\$	\$	\$	\$	\$
2008					
Balance at the beginning of the year	6,000	152,468	87,390	-	245,858
Additions at cost	-	-	43,493	13,190	56,683
Depreciation expense	-	(8,805)	(15,821)	(660)	(25,286)
Carrying amount at end of year	6,000	143,663	115,062	12,530	277,255
2009					
Balance at the beginning of the year	6,000	143,663	115,062	12,530	277,255
Additions at cost	-	-	20,886	-	20,886
Depreciation expense	-	(8,805)	(19,839)	(1,319)	(29,963)
Carrying amount at end of year	6,000	134,858	116,109	11,211	268,178

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

Note 10 Investment Property

	2009	2008
	\$	\$
Balance at beginning of year	2,000	2,000
Balance at end of year	2,000	2,000

The cost model is applied to investment property. The investment property (approximately 2,985 m²) forms part of the main Club property. It is the intention of the directors to explore investment opportunities in a bid to enhance the income attributable to this property. Sub-division and rezoning may be required.

Note 11 Trade and Other Payables

	Note	2009	2008
		\$	\$
CURRENT			
Trade payables		44,357	30,126
Deferred income		9,350	10,296
GST payable		6,736	4,029
	11(a)	60,443	44,451

	Note	2009	2008
		\$	\$
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total Current		60,443	44,451
		60,443	44,451
Less deferred income		(9,350)	(10,296)
Financial liabilities as trade and other payables	19	51,093	34,155

Note 12 Borrowings

	Note	2009	2008
		\$	\$
CURRENT			
Lease liabilities	14	2,748	6,595
Unsecured Liabilities			
Loan - related parties		-	6,000
Secured Liabilities			
Bank overdrafts		78,806	89,190
		81,554	101,785
NON-CURRENT			
Lease liabilities	14	-	2,748
Loan - related parties	18	12,645	6,645
TOTAL BORROWINGS	19	12,645	9,393

Lease liabilities are secured by the underlying leased assets.

Note 13 Provisions

	2009	2008
	\$	\$
CURRENT		
Short-term Employee Benefits		
Opening balance at 1 January 2009	-	2,567
Additional provisions raised during year	6,488	-
Amounts used	-	(2,567)
Balance at 31 December 2009	6,488	-

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

Note 14 Capital and Leasing Commitments

(a) Finance Lease Commitments

	2009	2008
Payable – minimum lease payments	\$	\$
— not later than 12 months	3,458	8,029
— later than 12 months but not later than 5 years	-	3,458
Minimum lease payments	3,458	11,487
Less future finance charges	(710)	(2,143)
Present value of minimum lease payments	2,748	9,344

This represents the finance lease on the beer system, commenced in 2008 with a duration of 24 months, with an option to purchase at the end of the lease term. No debt covenants or other such arrangements are in place. The beer system has been capitalised for accounting purposes.

(b) Operating Lease Commitments

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

	2009	2008
Payable – minimum lease payments	\$	\$
— not later than 12 months	12,996	-
— later than 12 months but not later than 5 years	49,818	-
	62,814	-

This represents the operating lease on the point of sale system: commenced in November 2009 and with a duration of 60 months. The monthly instalment is \$1,083. The point of sale system has not been capitalised for accounting purposes.

Note 15 Events After the Balance Date

On 15 March 2010, Robert Dudgeon advised the Treasurer of a revision to the loan agreement he had with the entity, whereby the maturity date of the loan was revised from 31 December 2010 to 31 December 2012. Furthermore, the full amount of the loan becomes due and payable on 31 December 2012.

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

Note 16 Key Management Personnel Compensation

	Short-term benefits	Post employment benefits	Other long-term benefits	Total
	\$	\$	\$	\$
2009				
Total compensation	-	-	-	-
2008				
Total compensation	-	-	-	-

Note 17 Related Party Transactions

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

(a) Key Management Personnel

Bill Buckle, a director provided plumbing services valued at \$1506 (2008:\$897) to the Club via Bill Buckle Plumbing. There were no amounts owing at 31 December 2009 (2008:nil).

In 2008 Ben Hall, a director provided telephone equipment valued at \$263 to the Club via North Coast Telephone Systems Pty Ltd. There were no amounts owing at 31 December 2008. There were no such transactions for the year ended 31 December 2009.

Robert Dudgeon, a director provided the Club with an unsecured, interest free loan during the 2008 financial year to be repaid in full on 31 December 2012, by agreement. The amount outstanding at 31 December 2009 was \$12,645 (2008: \$12,645) per note 12.

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

Note 18 Cash Flow Information

	Note	2009 \$	2008 \$
(a) Reconciliation of cash			
Cash at bank		21,015	24,712
Other cash		18,550	18,379
	5	<u>39,565</u>	<u>43,091</u>
(b) Reconciliation of cash flow from operations with loss after income tax			
Loss after income tax		(14,709)	(11,051)
Non cash flows			
Depreciation and amortisation		29,963	25,286
(Increase)/decrease in trade and term receivables		(7,973)	(288)
Increase/(decrease) in trade payables and accruals		15,991	7,276
Increase/(decrease) in provisions		6,488	(2,567)
(Increase)/decrease in inventories		5,900	7,544
(Increase)/decrease in prepayments		(1,323)	(85)
		<u>34,337</u>	<u>26,115</u>
(c) Non-cash Financing and Investing Activities			
During the previous year the entity acquired plant and equipment with an aggregate value of \$13,190 by means of finance leases.			
(d) Credit Standby Arrangements			
Credit facility		100,000	100,000
Amount utilised		(87,967)	(89,190)
		<u>12,033</u>	<u>10,810</u>

The major facilities are summarised as follows:

Bank overdraft	100,000	100,000
----------------	---------	---------

Bank overdraft facilities are arranged with National Australia Bank with the general terms and conditions being set and agreed to annually. The Club's facilities are subject to annual review.

Interest rates are variable and subject to adjustment.

Note 19 Financial Risk Management

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

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

	Note	2009 \$	2008 \$
Financial Assets			
Cash and cash equivalents	5	39,565	43,091
Loans and receivables	6	8,261	288
		<u>47,826</u>	<u>43,379</u>
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	11(a)	51,093	34,155
— Borrowings - related party	12	12,645	12,645
— Overdraft		78,806	89,190
		<u>142,544</u>	<u>135,990</u>

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

Financial Risk Management Policies

The entity's financial instruments consist mainly of deposits with banks, accounts receivable and payable and borrowings. The entity does not have any derivative instruments at 31 December 2009.

(i) Cash Management

The Board members meet on a regular basis to discuss financial issues, which include cash flow and the results for the period.

(ii) Financial Risk Exposure and Management

The two risks the entity is exposed to through its financial instruments are interest rate risk and liquidity risk.

Interest rate risk

Management is endeavouring to reduce its overdraft, via weekly repayments thereof to reduce its level of exposure to high interest debt.

Liquidity risk

Management is endeavouring to improve its liquidity position by : stricter controls over expenditure; increasing patronage to the entity via various entertainment activities and improved catering facilities; careful monitoring of the entity's cashflow, including the timing of capital expenditure.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Lease liabilities	2,748	6,595					2,748	6,595
Related party loan	-	6,000	12,645	6,645			12,645	12,645
Bank overdraft	78,806	89,190					78,806	89,190
Trade and other payables (excl. est. annual leave and deferred income)	51,093	34,155					51,093	34,155
Total expected outflows	132,647	135,940	12,645	6,645	-	-	145,292	142,585
Financial Assets - cash flows realisable								
Cash and cash equivalents	39,565	43,091					39,565	43,091
Trade, term and loans receivables	8,261	288					8,261	288
Total anticipated inflows	47,826	43,379	-	-	-	-	47,826	43,379
Net (outflow) / inflow on financial instruments	(84,821)	(92,561)	(12,645)	(6,645)	-	-	(97,466)	(99,206)

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

	Footnote	2009		2008	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	39,565	39,565	43,091	43,091
Trade and other receivables	(i)	8,261	8,261	288	288
Total financial assets		47,826	47,826	43,379	43,379
Financial liabilities					
Related party loan		12,645	12,645	12,645	12,645
Bank overdraft		78,806	78,806	89,190	89,190
Trade and other payables	(i)	51,093	51,093	34,155	34,155
Lease liability	(iv)	2,748	2,748	6,595	6,595
Total financial liabilities		145,292	145,292	142,585	142,585

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave and deferred income which is not considered a financial instrument
- (iv) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair value of fixed rate lease liability will differ to carrying values.

Sensitivity Analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
Year ended 31 December 2009	\$	\$
+/- 1% in interest rates	860	860
	Profit	Equity
Year ended 31 December 2008	\$	\$
+/- 1% in interest rates	956	956

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

No sensitivity analysis has been performed on foreign exchange risk, as the company is not exposed to foreign currency fluctuations.

Note 20 Entity Details

The registered office of the entity is:
Bangalow Bowling & Sports Club Ltd
Byron Street
Bangalow NSW 2479

The principal place of business is:
Bangalow Bowling & Sports Club Ltd
Byron Street
Bangalow NSW 2479

Note 21 Members' Guarantee

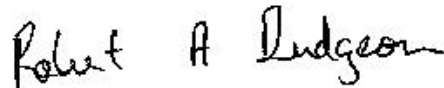
The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstandings and obligations of the entity. At 31 December 2009 the number of members was 703.

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 31 December 2009 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

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



Director

Robert Alan Dudgeon

Dated this 29th day of March 2010

BANGALOW BOWLING & SPORTS CLUB LTD ABN: 97 001 017 938
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BANGALOW BOWLING & SPORTS CLUB LTD

We have audited the accompanying financial report of Bangalow Bowling & Sports Club Ltd, which comprises the balance sheet as at 31 December 2009 and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

The responsibility of the Directors 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 designing, implementing 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.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Bangalow Bowling & Sports Club Ltd on 29 March 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

Basis of Qualification

We did not confirm the existence of plant and equipment as of 31 December 2009, since the entity's records did not itemise plant and equipment in a manner that would enable us to do so. Owing to the nature of the entity's records, we were unable to satisfy ourselves as to their existence, by other audit procedures.

Auditor's Opinion

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitation on our audit procedures referred to in the qualification paragraph not existed, the financial report presents fairly, in all material respects, the financial position of Bangalow Bowling & Sports Club Ltd as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the *Corporations Act 2001* and the Australian Accounting Standards (including Australian Accounting Interpretations).

Inherent Uncertainty Regarding Continuation as a Going Concern

Without further qualification to the opinion expressed above, attention is drawn to the following matter. As stated in Note 2, the directors will continue to focus on a number of initiatives, introduced in 2009, to address its trading result and is confident of continued support from its banker.

Without a return to profitability and the continuing financial support of its bankers there is uncertainty whether the Company will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Watson and Fenton Chartered Accountants

Name of Firm: Watson and Fenton Chartered Accountants



Name of Partner: Barry Dunnett

Address: Suite 218 Showcase on the Beach
72-80 Marine Parade
Coolangatta QLD 4225

Dated this 30th day of March 2010