

# **BANGALOW BOWLING & SPORTS CLUB LTD**

**ABN: 97 001 017 938**

**Financial Report For The Year Ended  
31 December 2010**

# Bangalow Bowling & Sports Club Ltd

ABN: 97 001 017 938

## Financial Report For The Year Ended 31 December 2010

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**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 2010.

**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  
Neil Robert Fuller  
Nita Maree Grissell  
Stephen John Ransley  
Joshua James Grissell  
Jade Maxine van der Wall  
Frederick Paul Cook appointed (20/05/2010)  
Frances Susan Meyers appointed (20/05/2010)  
William David Buckle retired (20/05/2010)  
Ian John Alexander Ulrick retired (20/05/2010)  
Michael John Bindley retired (20/05/2010)

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

**Principal Activities**

The principal activities of the entity during the financial year 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.

The entity's short term objectives are to:

- Develop strategies to overcome ongoing areas of concern in the Club's trading performance.
- Create profitable functions and provide good food and reasonable prices, to encourage membership and club patronage.

The entity's long term objectives are to:

- Increase membership and provide an essential facility for members of the community
- Support youth and sports within the community
- Provide services and the level of expectation of the members
- Create a secure financial foundation

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

- Consolidate overdraft and loan commitments with ANZ banking
- Liaison with catering and entertainment providers
- Perform regular stock takes and weekly reconciliations
- Sponsor local sporting groups and charity organizations

The entity measures its performance (including any key performance indicators) by:

- Reviewing cash flow and profit and loss reports
- Monthly reviews of poker machine performance reports
- Customer feedback relating to entertainment and catering options

**Information on Directors**

Robert Alan Dudgeon	—	Chairman
Qualifications	—	Member of the Board 12 years
Special Responsibilities	—	Grounds Committee
Neil Robert Fuller	—	Treasurer
Qualifications	—	Member of the Board 2½ years
Special Responsibilities	—	Finance committee
Nita Maree Grissell	—	Director
Qualifications	—	Member of the Board 6 years
Special Responsibilities	—	Social; House & Bar Committees
Stephen John Ransley	—	Director
Qualifications	—	Member of the Board 18 months

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**DIRECTORS' REPORT**

Joshua James Grissell	—	Director
Qualifications	—	Member of the Board 18 months
Special Responsibilities	—	Finance Committee
Jade Maxine van der Wall	—	Director
Qualifications	—	Member of the Board 18 months
Special Responsibilities	—	Social; House & Bar Committees
Frederick Paul Cook	—	Director
Qualifications	—	Member of Board 7 months
Special Responsibilities	—	Finance; House & Bar Committees
Frances Susan Meyers	—	Director
Qualifications	—	Member of Board 7 months
Special Responsibilities	—	Social; House & Bar Committees
William David Buckle	—	Director
Qualifications	—	Member of the Board 2½ years
Special Responsibilities	—	Finance; House & Bar Committees
Ian John Alexander Ulrick	—	Director
Qualifications	—	Member of the Board 2½ years
Special Responsibilities	—	Social; House & Bar Committees
Michael John Bindley	—	Director
Qualifications	—	Member of the Board 11 months
Special Responsibilities	—	Finance; House & Bar Committees

**Meetings of Directors**

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

	Directors' Meetings	
	No. eligible to attend	No. attended
Robert Alan Dudgeon	14	13
Neil Robert Fuller	14	12
Nita Maree Grissell	14	13
Stephen John Ransley	14	12
Joshua James Grissell	14	13
Jade Maxine van der Wall	14	13
Frederick Paul Cook	10	10
Frances Susan Meyers	10	8
William David Buckle	4	3
Ian John Alexander Ulrick	4	2
Michael John Bindley	4	3

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 outstanding obligations of the entity. At 31 December 2010 the collective liability of members was \$508 (2009: \$703).

**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.

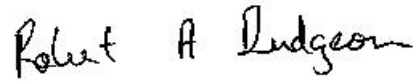
Non-core property is defined as meaning any real property owned or occupied by the Club that is not core property.

**BANGALOW BOWLING & SPORTS CLUB LTD**  
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**DIRECTORS' REPORT**

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 31 December 2010 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            2nd            day of            May            2011

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

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2010 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                      29/04/2011

Address                Suite 218, Level 2 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 2010**

	<b>Note</b>	2010 \$	2009 \$
Revenue	3	610,524	667,678
Other income	3	12,607	11,187
Employee benefits expense		(188,619)	(165,463)
Depreciation and amortisation expense	4	(30,755)	(29,963)
Finance costs		(11,392)	(9,900)
Changes in inventories		1,966	(5,900)
Purchases		(191,066)	(215,389)
Other expenses	4	(302,703)	(266,959)
<b>(Loss) before income tax</b>		<u>(99,438)</u>	<u>(14,709)</u>
Income tax expense		-	-
<b>(Loss) for the year</b>		<u><u>(99,438)</u></u>	<u><u>(14,709)</u></u>

The accompanying notes form part of these financial statements.

**BANGALOW BOWLING & SPORTS CLUB LTD**  
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**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	\$	\$
<b>(Loss) for the year</b>	(99,438)	(14,709)
<b>Other comprehensive income for the year, net of tax</b>	-	-
<b>Total comprehensive income (deficit) for the year</b>	<u>(99,438)</u>	<u>(14,709)</u>

The accompanying notes form part of these financial statements.

**BANGALOW BOWLING & SPORTS CLUB LTD**  
**ABN: 97 001 017 938**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010**

	Note	2010 \$	2009 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	63,515	39,565
Trade and other receivables	6	5,800	8,261
Inventories	7	11,046	9,080
Other assets	8	5,915	7,019
<b>Total current assets</b>		<u>86,276</u>	<u>63,925</u>
<b>Non- current Assets</b>			
Property, plant and equipment	9	242,393	268,178
Investment property	10	2,000	2,000
<b>Total non-current assets</b>		<u>244,393</u>	<u>270,178</u>
<b>TOTAL ASSETS</b>		<u>330,669</u>	<u>334,103</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	61,931	60,443
Borrowings	12	30,138	81,554
Short term provisions	13	9,278	6,488
<b>Total current liabilities</b>		<u>101,347</u>	<u>148,485</u>
<b>Non-current liabilities</b>			
Borrowings	12	121,175	12,645
Long term provisions	13	2,927	-
<b>Total non-current liabilities</b>		<u>124,102</u>	<u>12,645</u>
<b>TOTAL LIABILITIES</b>		<u>225,449</u>	<u>161,130</u>
<b>NET ASSETS</b>		<u>105,220</u>	<u>172,973</u>
<b>EQUITY</b>			
Retained earnings		105,220	172,973
<b>TOTAL EQUITY</b>		<u>105,220</u>	<u>172,973</u>

The accompanying notes form part of these financial statements.

**BANGALOW BOWLING & SPORTS CLUB LTD**  
**ABN: 97 001 017 938**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	Retained Earnings \$	Total \$
<b>Balance at 1 January 2009</b>		187,682	187,682
(Loss) attributable to the entity		(14,709)	(14,709)
<b>Balance at 31 December 2009</b>		172,973	172,973
Equity attributable to the Sub-Clubs as at 1 January	(a)	31,685	31,685
(Loss) attributable to the entity		(99,438)	(99,438)
<b>Balance at 31 December 2010</b>		105,220	105,220

(a) Recognition of equity attributable to Sub Clubs

In consultation with Men's and Ladies Bowling Committees, a decision was taken to include the Sub-Clubs in the financial statements for 2010. This was also in accordance with the by-laws of Bangalow Bowling And Sports Club Ltd. Accordingly equity attributable to Men's, Ladies Bowling Committees and "Greens Maintenance" were aggregated and disclosed.

The comparatives were not disclosed as the gathering of reliable information for this purpose would prove impractical and too costly under the circumstances .

**BANGALOW BOWLING & SPORTS CLUB LTD**  
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**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>Note</b>	2010	2009
		\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipt of grants		10,249	10,296
Other receipts		669,236	733,611
Payments to suppliers and employees		(722,899)	(698,226)
Interest received		49	41
Finance costs		(16,516)	(11,385)
Net cash generated from/(used by) operating activities		<u>(59,881)</u>	<u>34,337</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(4,970)	(20,886)
Net cash (used) in investing activities		<u>(4,970)</u>	<u>(20,886)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of finance lease commitments		(2,748)	(6,595)
Proceeds from borrowings		126,050	17,818
Repayment of borrowings		(66,188)	(28,200)
Net cash from /(used) in financing activities		<u>57,114</u>	<u>(16,977)</u>
Net increase/(decrease) in cash held		(7,737)	(3,526)
Cash and cash equivalents at the beginning of the financial year			
Cash and cash equivalents - without the Sub-Clubs		39,565	43,091
Cash and cash equivalents - Sub-Clubs	5 (a)	31,687	-
Cash and cash equivalents at the end of the financial year	5	<u>63,515</u>	<u>39,565</u>

**BANGALOW BOWLING & SPORTS CLUB LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

The financial statements are 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            Summary of Significant Accounting Policies**

**Basis of Preparation**

Bangalow Bowling & Sports Club Ltd 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 January 2009.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

**Accounting Policies**

**(a) Revenue**

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

Grant revenue is recognised in the statement of comprehensive income 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.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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.

**BANGALOW BOWLING & SPORTS CLUB LTD**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	3%
Plant and equipment	10 - 15%

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

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 statement of comprehensive income.

**(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*

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

## BANGALOW BOWLING & SPORTS CLUB LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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

#### **Derecognition**

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

#### (f) **Impairment of Assets**

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

Where the future economic benefits of the asset are not primarily dependent 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 company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (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 the end of reporting period.

#### (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) **Trade and Other Payables**

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

**BANGALOW BOWLING & SPORTS CLUB LTD**

**ABN: 97 001 017 938**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

**(o) Critical accounting estimates and judgments**

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

**(p) Economic Dependence**

Bangalow Bowling & Sports Club Ltd is dependent on the members for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the members will not continue to support Bangalow Bowling & Sports Club Ltd.

**Note 2 Going Concern matters**

Having experienced a significant down-turn in trade in 2010, the company is currently experiencing cash flow problems and is relying on short-term credit arrangements from suppliers in order to fulfil its commitments.

The company has at its disposal an overdraft facility of \$25,000 which is almost fully utilised at the date of this report. In addition the Club has a credit card facility of \$5,000 of which \$4,200 is available.

A number of financing and rental agreements are in place which are more fully disclosed in note 14. The monthly commitments are being met from current cash flow.

The company is currently meeting its loan obligations to the ANZ Bank, which are more fully described in note 12.

In regards to its GST and PAYG obligations, the company is currently in arrears. It has entered into a payment arrangement with the Australian Tax Office and is currently meeting this payment arrangement. At 31 December 2010 the amount owing to the Australian Tax Office was \$18,835.

In regards to its superannuation obligations, the company is currently in arrears. At 31 December 2010, the amount owing to the fund providers was \$7,920.

In order to address these issues the Board has, in March 2011 taken professional advice and has undertaken the following:

Met with representatives of Men's and Women's Bowls Committees in regards to their financial position and the funds that could be made available to Club Ltd;

Agreed to contact larger Clubs in Byron and Ballina vicinities to obtain a swap for their trade-in poker machines thereby ensuring that those in the company are more current than those currently in use;

Called for expressions of interest for an amalgamation with another club.

In the event the expressions of interest calls are unsuccessful, the Board will pursue the development potential of the company's land assets, provided approval is obtained from the members at a specially convened meeting.

Nevertheless, the company's position remains uncertain and its ability to continue as a going concern is dependent, amongst others upon: the successful outcome of the strategies currently under review by the Board, increased patronage of its facilities by members, considerable improvement in trade and support from its Banker.

**Note 3 Revenue and Other Income**

	<b>Note</b>	2010 \$	2009 \$
<b>Revenue from government grants and operating activities</b>			
— Beverage sales		439,878	497,838
— Gaming		80,611	116,650
— Sub Clubs	3 (a)	44,977	-
— Commission received		12,515	13,012
— Government tax rebate		7,884	11,040
— Raffles and competitions		7,620	6,843
— Courtesy bus		6,693	6,903
— Member subscriptions		6,110	7,190
— Rent received		3,855	4,300
— Sundry revenue		332	3,860
		<u>610,475</u>	<u>667,636</u>
<b>Other revenue</b>			
— Interest received		49	42
		<u>49</u>	<u>42</u>
<b>Total Revenue</b>		<u>610,524</u>	<u>667,678</u>

**BANGALOW BOWLING & SPORTS CLUB LTD**

ABN: 97 001 017 938

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

**Other Income**

— Capital grants	10,249	10,296
— Donations received	2,358	891
<b>Total Other Income</b>	<u>12,607</u>	<u>11,187</u>

**Total Revenue and Other Income**

<u>623,131</u>	<u>678,865</u>
----------------	----------------

(a) Recognition of Sub-Club income

In consultation with Men's and Ladies Bowling Committees, a decision was taken to include the Sub-Clubs in the financial statements for 2010. This was also in accordance with the by-laws of Bangalow Bowling And Sports Club Ltd. Accordingly revenue attributable to Men's, Ladies Bowling Committees and "Greens Maintenance" were aggregated and disclosed.

The comparatives were not disclosed as the gathering of reliable information for this purpose would prove impractical and too costly under the circumstances.

**Note 4 Expenses**

	<b>Note</b>	2010 \$	2009 \$
<b>(a) Expenses</b>			
Depreciation and Amortisation			
— land and buildings		8,805	8,805
— furniture and equipment		20,631	19,839
— capitalised leased assets		1,319	1,319
Total Depreciation and Amortisation		<u>30,755</u>	<u>29,963</u>
<b>(b) Other expenses</b>			
— Sub-Club expenses	4 (c)	42,422	-
— Electricity		34,685	32,214
— Entertainment and promotions		28,785	27,801
— Repairs and maintenance		24,517	30,920
— Operating leases		21,470	4,987
— Insurance		17,543	17,024
— Sky rental		14,781	13,183
— Cleaning and contractor expenses		13,347	20,449
— Administration services		12,900	13,100
— Kitchen reimbursed meals		11,938	22,356
— Sponsorship		7,184	8,763
— Security		6,720	7,935
— Telephone and internet		6,330	5,558
— Rates and excess water		5,373	9,851
— Advertising, stationery and postage		4,474	8,765
— Other operating expenses		50,234	44,053
		<u>302,703</u>	<u>266,959</u>

(c) Recognition of Sub-Club expenses

In consultation with Men's and Ladies Bowling Committees, a decision was taken to include the Sub-Clubs in the financial statements for 2010. This was also in accordance with the by-laws of Bangalow Bowling And Sports Club Ltd. Accordingly expenses attributable to Men's, Ladies Bowling Committees and "Greens Maintenance" were aggregated and disclosed.

The comparatives were not disclosed as the gathering of reliable information for this purpose would prove impractical and too costly under the circumstances.

**BANGALOW BOWLING & SPORTS CLUB LTD**

ABN: 97 001 017 938

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

**Note 5 Cash and Cash Equivalents**

	Note	2010 \$	2009 \$
CURRENT			
Cash at bank		10,865	21,015
Cash on hand		18,409	18,550
Sub Clubs	5 (a)	34,241	-
		<u>63,515</u>	<u>39,565</u>

(a) Recognition of Sub-Club cash and cash equivalents

In consultation with Men's and Ladies Bowling Committees, a decision was taken to include the Sub-Clubs in the financial statements for 2010. This was also in accordance with the by-laws of Bangalow Bowling And Sports Club Ltd. Accordingly bank and cash balances attributable to Men's, Ladies Bowling Committees and "Greens Maintenance" were aggregated and disclosed.

The comparatives were not disclosed as the gathering of reliable information for this purpose would prove impractical and too costly under the circumstances.

**Note 6 Trade and Other Receivables**

		2010 \$	2009 \$
CURRENT			
Other receivables		5,800	8,261
Total current trade and other receivables	17	<u>5,800</u>	<u>8,261</u>

**Note 7 Inventories**

		2010 \$	2009 \$
CURRENT			
At cost			
Inventory		11,046	9,080
		<u>11,046</u>	<u>9,080</u>

**Note 8 Other Assets**

		2010 \$	2009 \$
CURRENT			
Prepayments		915	2,019
Deposits		5,000	5,000
		<u>5,915</u>	<u>7,019</u>

**Note 9 Property, Plant and Equipment**

		2010 \$	2009 \$
<b>LAND AND BUILDINGS</b>			
Freehold land			
— At cost		6,000	6,000
Total land		<u>6,000</u>	<u>6,000</u>
Buildings			
— At cost		352,196	352,196
Less accumulated depreciation		(226,143)	(217,338)
Total buildings		<u>126,053</u>	<u>134,858</u>
Total land and buildings		<u>132,053</u>	<u>140,858</u>

**BANGALOW BOWLING & SPORTS CLUB LTD**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

**PLANT AND EQUIPMENT**

Plant and equipment		
At cost	469,824	464,854
Less accumulated depreciation	<u>(369,376)</u>	<u>(348,745)</u>
	100,448	116,109
Leased motor vehicles		
Capitalised leased vehicles	13,190	13,190
Accumulated depreciation	<u>(3,298)</u>	<u>(1,979)</u>
	9,892	11,211
Total plant and equipment	<u>110,340</u>	<u>127,320</u>
Total property, plant and equipment	<u>242,393</u>	<u>268,178</u>

**Movements in Carrying Amounts**

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

	Land \$	Buildings \$	Furniture & Equipment \$	Leased Assets \$	Total \$
<b>2009</b>					
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	<u>6,000</u>	<u>134,858</u>	<u>116,109</u>	<u>11,211</u>	<u>268,178</u>
					-
<b>2010</b>					
Balance at the beginning of the year	6,000	134,858	116,109	11,211	268,178
Additions at cost	-	-	4,970	-	4,970
Depreciation expense	-	(8,805)	(20,631)	(1,319)	(30,755)
Carrying amount at end of year	<u>6,000</u>	<u>126,053</u>	<u>100,448</u>	<u>9,892</u>	<u>242,393</u>

**Note 10 Investment Property**

	2010 \$	2009 \$
Balance at beginning of year	2,000	2,000
Balance at end of year	<u>2,000</u>	<u>2,000</u>

The cost model is applied to investment property. The investment property (approximately 2,985 m2) forms part of the main Club property.

**Note 11 Trade and Other Payables**

	Note	2010 \$	2009 \$
<b>CURRENT</b>			
Trade payables		57,923	44,357
Deferred income		-	9,350
GST payable		4,008	6,736
	11(a)	<u>61,931</u>	<u>60,443</u>
		2010 \$	2009 \$
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		61,931	60,443
Less deferred income		-	(9,350)
Financial liabilities as trade and other payables	17	<u>61,931</u>	<u>51,093</u>

**BANGALOW BOWLING & SPORTS CLUB LTD**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

**Note 12 Borrowings**

	Note	2010 \$	2009 \$
<b>CURRENT</b>			
Secured Liabilities			
Bank loans		17,520	-
Bank overdrafts		12,618	78,806
		<u>30,138</u>	<u>81,554</u>
<b>NON-CURRENT</b>			
Unsecured Liabilities			
Loan - related parties		13,695	12,645
Secured Liabilities			
Bank loans		107,480	-
		<u>121,175</u>	<u>12,645</u>
<b>TOTAL BORROWINGS</b>	17	<u>151,313</u>	<u>94,199</u>
Lease liabilities are secured by the underlying leased assets.			
<b>Credit Standby Arrangements with Banks</b>			
Bank overdraft facility		25,000	100,000
Credit card facility		5,000	-
Amount utilised		<u>(9,752)</u>	<u>(87,967)</u>
		<u>20,248</u>	<u>12,033</u>

Bank overdraft facilities were arranged with National Australia Bank for \$100,000 in 2009, the account being closed in 2010. The Club changed banks in July 2010 to ANZ and have an overdraft facility of \$25,000 with the general terms and conditions being set and agreed to annually. The Club's facilities are subject to annual review.

A loan was negotiated with ANZ for the amount of \$125,000. Repayments per month are \$1,460 until 25/8/2025. The interest rate as at 31 December 2010 was 9.87%. The loan is secured by a first registered mortgage by Bangalow Bowling and Sports Club Ltd over the property situated at 22 Byron Bay Road Bangalow NSW.

Interest rates are variable and subject to adjustment.

**Note 13 Provisions**

	2010 \$	2009 \$
<b>CURRENT</b>		
Short-term Employee Benefits		
Opening balance at 1 January 2010	6,488	-
Additional provisions raised during year	2,790	6,488
Balance at 31 December 2010	<u>9,278</u>	<u>6,488</u>
<b>NON-CURRENT</b>		
Long-term Employee Benefits		
Opening balance at 1 January 2010	-	-
Additional provisions raised during year	2,927	-
Balance at 31 December 2010	<u>2,927</u>	<u>-</u>
	2010 \$	2009 \$
<b>Analysis of Total Provisions</b>		
Current	9,278	6,488
Non-current	2,927	-
	<u>12,205</u>	<u>6,488</u>

**Note 14 Capital and Leasing Commitments**

	2010 \$	2009 \$
<b>(a) Finance Lease Commitments</b>		
Payable – minimum lease payments		
— not later than 12 months	-	3,458
Minimum lease payments	-	3,458
Less future finance charges	-	(710)
	<u>-</u>	<u>2,748</u>

**BANGALOW BOWLING & SPORTS CLUB LTD**

ABN: 97 001 017 938

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

**(b) Operating Lease Commitments**

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

	2010	2009
Payable – minimum lease payments	\$	\$
— not later than 12 months	18,570	12,996
— later than 12 months but not later than 5 years	36,822	49,818
	<u>55,392</u>	<u>62,814</u>

This includes 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. This amount further includes the telephone system, ending on 6/9/2011 and attracting monthly instalments of \$235.

**Note 15 Events After the Reporting Period**

In response to the company's cashflow problems, the Board has, in March 2011 taken professional advice and resolved certain courses of action which are more fully described in Note 2.

**Note 16 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

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 2010 was \$13,645 (2009: \$12,645) per note 12.

**Note 17 Financial Risk Management**

The company's financial statements 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:

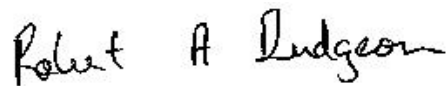
	Note	2010 \$	2009 \$
<b>Financial Assets</b>			
Cash and cash equivalents	5	63,515	39,565
Loans and receivables	6	5,800	8,261
<b>Total Financial Assets</b>		<u>69,315</u>	<u>47,826</u>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
— Trade and other payables	11(a)	61,931	51,093
— Borrowings - related party	12	13,645	12,645
— Overdraft	12	12,618	78,806
— Bank loan	12	125,000	-
— lease liability		-	2,748
<b>Total Financial Liabilities</b>		<u>213,194</u>	<u>145,292</u>

**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 and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 31 December 2010 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 2nd day of May 2011

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

We have reviewed the accompanying financial report of Bangalow Bowling & Sports Club Ltd, which comprises the statement of financial position as at 31 December 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2415 Review of a Financial Report - Company Limited by Guarantee, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2010 and its performance for the year ended on that date; and complying with the Australian Accounting Standards and Corporations Regulations 2001.

ASRE 2415 requires that we comply with the ethical requirements relevant to the review of the financial report. A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Bangalow Bowling & Sports Club Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

*Emphasis of matter*

*Inherent Uncertainty Regarding Continuation as a Going Concern*

Without qualification to the opinion expressed above, attention is drawn to note 2 of the financial statements.

Having experienced a significant down-turn in trade in 2010, the company is currently experiencing cash flow problems and is relying on short-term credit arrangements from suppliers in order to fulfil its commitments.

Having taken professional advice, the Board is exploring certain strategies, which are more fully described in Note 2.

Nevertheless, the company's position remains uncertain and its ability to continue as a going concern is dependent, amongst others upon: the successful outcome of the strategies currently under review by the Board, increased patronage of its facilities by members, considerable improvement in trade and continued support from the Bank.

If the company is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. This financial report does not disclose this and does not include any adjustments relating to the recoverability of recorded asset amounts or the liabilities that might be necessary should the company not continue as a going concern.

It is our opinion that knowledge of the uncertainty affecting the company's ability to continue as a going concern is necessary for a proper understanding of this financial report.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Bangalow Bowling & Sports Club Ltd is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Corporations Regulations 2001.

*Watson and Fenton Chartered Accountants*

Name of Firm: Watson & Fenton Chartered Accountants

A handwritten signature in black ink, appearing to be 'B. Dunnett', with a long horizontal stroke extending to the right.

Name of Partner: Barry Dunnett

Address: Suite 218, Level 2, Showcase on the Beach  
72-80 Marine Parade  
Coolangatta, QLD 4225

Dated this 3rd day of May 2011