

# **Lake Cathie Bowling and Recreation Club Limited**

ABN: 65 000 995 595

## **Financial Report**

For the Year Ended 31 May 2017

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Contents

For the Year Ended 31 May 2017

	Page
<b>Financial Statements</b>	
Directors' Report	1
Auditor's Independence Declaration	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	28
Independent Auditor's Report	29

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Directors' Report

31 May 2017

Your Directors present their report on the Company for the financial year ended 31 May 2017.

### Directors

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

Warren HENDERSON

Steve WEBSTER

Rhonda BATEMAN

Ann BUTLIN

Noel ELLIOTT

Barry BIRD

Marilyn DEWSON

Appointed 21 April 2017

Resigned 18 September 2016

Appointed 10 June 2017

Phillip INNES

Resigned 16 March 2017

Pam TYE

Appointed 21 April 2017

Resigned 10 June 2017

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

### Short-Term Objectives

The short term objectives of the Company are to:

- Service all debts as and when they fall due.
- Provide benefits to members in a financially viable manner.
- Operate bar, gaming and catering operations for the benefit of our members and their guests.
- Service the needs of our affiliated sub clubs of lawn bowls, fishing, golf and darts.
- Provide entertainment for the benefit of our members and their guests.
- Utilise funds derived from the Club's operations for the support and development of our community.
- Provide a high standard of customer service when dealing with members and their guests.
- Ensure the Board is educated and informed appropriately in order to be able to provide the Club with the necessary guidance to achieve its objectives.

### Long-Term Objectives

The long term-objectives of the Company are to:

- Provide, maintain or change goods and services in order to continually meet the needs of our members and their guests.
- Create sustainable financial viability while maintaining our position as the focus of social and community activities.
- Provide and maintain Club facilities at a high level to meet the needs of members and their guests.
- Purchase additional property as it becomes available for the growth of the Club in the future.

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Directors' Report

31 May 2017

### Strategies

To achieve the objectives of the Company the following strategies have been adopted:

#### *Planning*

- The Club's business plan is reviewed by the Board on an annual basis to ensure that the strategies implemented to meet the Club's objectives are appropriate.
- The Club has developed a growth plan which details renovations to be completed over a period of at least 5 years.

#### *Marketing*

- The Club researches its members through surveys to assist in satisfying their needs and wants. Through this research the club aims to improve its food, beverage, gaming and bowls activities for its members and their guests.
- The Club trains and monitors staff with a view to providing acceptable experiences for its members and their guests.

### Principal Activities

The principal activity of the Company during the financial year was the conduct of a Licensed Bowling and Recreation Club.

No significant change in the nature of this principal activity occurred during the financial year.

### Means by which Principal Activities Assisted in Achieving the Company's Objectives

The profit and cash flows generated from the Company's principal activities were utilised in achieving the Company's Objectives.

### Key Performance Measures

The Company measures and monitors performance by comparing actual results to past performance. The Company reviews key performance indicators such as gross profit margins, net returns from trading and poker machine returns.

Management develops an annual budget for planning and control purposes. The budget is prepared on the basis of past results and anticipated future changes in revenues and expenses.

### Members' Guarantee

Lake Cathie Bowling and Recreation Club Limited is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$5 towards meeting any outstanding obligations of the Company. At 31 May 2017 the collective liability of members was \$6,805 (2016: \$6,975).

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act* has been received and is included in this financial report.

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Directors' Report

31 May 2017

### Core and Non-Core Property

Core property is defined as any real property owned by the Club that comprises the defined premises of the Club or any facility provided by the Club for the use of its members and their guests. Core property of the Club consists of land occupied by the Clubhouse and bowling greens at 45 Evans Street and the carpark at 56 Evans Street, Lake Cathie, New South Wales.

Non-core property of the Club means any real property owned by the Club that is not core property. The Club does not currently hold any non-core property.

### Meetings of Directors

Eleven monthly meetings and one special meeting of Directors were held during the year. The attendance by each Director during the year was as follows:

Warren HENDERSON  
Steve WEBSTER  
Rhonda BATEMAN  
Ann BUTLIN  
Noel ELLIOTT  
Barry BIRD (Appointed 21 April 2017)  
Marilyn DEWSON (Resigned 18 September 2016)  
(Appointed 10 June 2017)  
Phillip INNES (Resigned 16 March 2017)  
Pam TYE (Appointed 21 April 2017)  
(Resigned 10 June 2017)

Directors' Meetings	
Number eligible to attend	Number attended
12	12
12	12
12	11
12	9
12	11
1	0
4	3
10	9
1	1

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Directors' Report

31 May 2017

### Information on Current Directors

#### Warren HENDERSON

Qualifications and Experience	Director of Lake Cathie Bowling and Recreation Club for 8 years. Retired
Special Responsibilities	Chairperson

#### Steve WEBSTER

Qualifications and Experience	Director of Lake Cathie Bowling and Recreation Club for 5 years. Retired
Special Responsibilities	Vice Chairperson

#### Rhonda BATEMAN

Qualifications and Experience	Director of Lake Cathie Bowling and Recreation Club for 4 years. Retired
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#### Ann BUTLIN

Qualifications and Experience	Director of Lake Cathie Bowling and Recreation Club for 3 years. Retired
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#### Noel ELLIOTT

Qualifications and Experience	Director of Lake Cathie Bowling and Recreation Club for 2 years. Retired
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#### Barry BIRD

Qualifications and Experience	Director of Lake Cathie Bowling and Recreation Club for 1 year. Retired
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#### Marilyn DEWSON

Qualifications and Experience	Director of Lake Cathie Bowling & Recreation Club for 4 years. Previously a Director for 8 years. Retired
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Signed in accordance with a resolution of the Board of Directors.



Warren HENDERSON, Director  
Dated this 31st day of July 2017



NorthCorp  
accountants

PARTNERS  
Robert Magnussen B Bus FCA  
Paul Fahey B Bus CA  
Rodney Smith B Fin Admin FCA  
Bart Lawler B Com CA  
Patrick Brennan B Com CA

## **Auditor's Independence Declaration**

**Under Section 307C of the *Corporations Act 2001***

**To the Directors of Lake Cathie Bowling and Recreation Club Limited**

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I declare that, to the best of my knowledge and belief, during the year ended 31 May 2017 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

**NorthCorp Accountants**

**Rodney Smith  
Partner**

**10-12 Short Street  
Port Macquarie NSW 2444**

**31 July 2017**

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Statement of Comprehensive Income

For the Year Ended 31 May 2017

	Note	2017 \$	2016 \$
Revenue	2	2,478,853	2,369,828
Other income	2(b)	8,965	-
		<u>2,487,818</u>	<u>2,369,828</u>
Advertising and promotion		(165,863)	(162,041)
Cleaning Costs		(65,182)	(64,047)
Changes in inventories	3	7,759	6,729
Inventory purchased	3	(477,478)	(454,757)
Depreciation and amortisation expense	3	(255,676)	(250,454)
Electricity and gas		(75,166)	(65,545)
Employee benefits expense		(867,281)	(795,836)
Entertainment		(34,686)	(44,276)
Printing, Postage and Stationery		(36,644)	(30,257)
Insurance		(44,377)	(44,545)
Loss on disposal of property, plant and equipment	3	-	(2,206)
Raffle and bingo expenses		(78,646)	(72,772)
Poker machine supplementary tax		(68,170)	(40,817)
Repairs and maintenance		(154,510)	(151,531)
Subscriptions and licenses		(68,929)	(66,515)
Other expenses		(223,751)	(208,029)
		<u>(2,608,600)</u>	<u>(2,446,899)</u>
<b>Profit / (loss) before income tax</b>		<b>(120,782)</b>	<b>(77,071)</b>
Income tax expense	1(a)	-	-
<b>Profit / (loss) for the year</b>		<b>(120,782)</b>	<b>(77,071)</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(120,782)</b>	<b>(77,071)</b>
Profit / (loss) attributable to members of the entity		<u>(120,782)</u>	<u>(77,071)</u>
Total comprehensive income attributable to members of the entity		<u>(120,782)</u>	<u>(77,071)</u>

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Statement of Financial Position

As at 31 May 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	104,638	140,722
Trade and other receivables	5	12,331	14,466
Inventories	6	42,732	35,704
Other financial assets	7	513,183	498,948
Prepayments	8	13,173	11,674
<b>Total current assets</b>		<b>686,057</b>	<b>701,514</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	1,131,551	1,166,763
Intangible assets	10	190,440	191,426
<b>Total non-current assets</b>		<b>1,321,991</b>	<b>1,358,189</b>
<b>TOTAL ASSETS</b>		<b>2,008,048</b>	<b>2,059,703</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	217,826	128,643
Borrowings	12	65,870	38,576
Short-term provisions	13	118,117	134,706
Other liabilities	14	32,810	36,595
<b>Total current liabilities</b>		<b>434,623</b>	<b>338,520</b>
<b>Non-current liabilities</b>			
Borrowings	12	3,102	43,428
Long-term provisions	13	23,489	10,139
<b>Total non-current liabilities</b>		<b>26,591</b>	<b>53,567</b>
<b>TOTAL LIABILITIES</b>		<b>461,214</b>	<b>392,087</b>
<b>NET ASSETS</b>		<b>1,546,834</b>	<b>1,667,616</b>
<b>EQUITY</b>			
Retained earnings		1,546,834	1,667,616
<b>TOTAL EQUITY</b>		<b>1,546,834</b>	<b>1,667,616</b>

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Statement of Changes in Equity

For the Year Ended 31 May 2017

2017

	<b>Retained Earnings</b>	<b>Total</b>
	\$	\$
<b>Balance at 1 June 2016</b>	<b>1,667,616</b>	<b>1,667,616</b>
Profit / (loss) attributable to members of the Company	<b>(120,782)</b>	<b>(120,782)</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>(120,782)</b>	<b>(120,782)</b>
<b>Balance at 31 May 2017</b>	<b>1,546,834</b>	<b>1,546,834</b>

2016

	<b>Retained Earnings</b>	<b>Total</b>
	\$	\$
<b>Balance at 1 June 2015</b>	<b>1,744,687</b>	<b>1,744,687</b>
Profit / (loss) attributable to members of the Company	<b>(77,071)</b>	<b>(77,071)</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>(77,071)</b>	<b>(77,071)</b>
<b>Balance at 31 May 2016</b>	<b>1,667,616</b>	<b>1,667,616</b>

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Statement of Cash Flows

For the Year Ended 31 May 2017

	2017	2016
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	2,718,225	2,614,828
Payments to suppliers and employees	(2,557,205)	(2,436,340)
Interest received	14,165	14,470
<b>Net cash provided by (used in) operating activities</b>	<b>175,185</b>	<b>192,958</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property, plant and equipment	13,000	5,455
Acquisition of property, plant and equipment	(197,002)	(248,333)
Purchase of intangible assets	-	(5,110)
Purchase of investments	(14,235)	(10,719)
<b>Net cash provided by (used in) investing activities</b>	<b>(198,237)</b>	<b>(258,707)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	86,746	111,672
Repayment of borrowings	(99,778)	(67,022)
<b>Net cash provided by (used in) financing activities</b>	<b>(13,032)</b>	<b>44,650</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>	<b>(36,084)</b>	<b>(21,099)</b>
Cash and cash equivalents at beginning of financial year	140,722	161,821
<b>Cash and cash equivalents at end of financial year</b>	<b>4 104,638</b>	<b>140,722</b>

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

The financial report is for Lake Cathie Bowling and Recreation Club Limited as an individual entity, incorporated and domiciled in Australia. Lake Cathie Bowling and Recreation Club Limited is a Company limited by guarantee.

### Note 1 Summary of Significant Accounting Policies

#### Basis of Preparation

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 (AASB) 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, except for the cash flow information, 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.

The financial statements were authorised for issue on 31 July 2017 by the Directors of the Company.

#### Accounting Policies

##### (a) Income Tax

The Company has been granted an exemption from income tax under Section 50-45 of the *Income Tax Assessment Act 1997*. The exempt status of the Company applies indefinitely or until such time as a change in circumstances warrants a review of the exempt status.

##### (b) Inventories

Inventories are measured at the lower of cost and net realisable value.

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

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

#### *Property*

Freehold land and buildings are measured on the cost basis.

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 1 Summary of Significant Accounting Policies

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

##### *Plant and equipment*

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

In the event that the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in the statement of comprehensive income. An assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

##### *Depreciation*

The depreciable amount of all fixed assets including buildings and capitalised leased assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rates</b>
Buildings and improvements	5 - 20%
Plant and Equipment	10 - 50%

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

An asset's 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 recognised in the statement of comprehensive income in the period in which they arise.

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 1 Summary of Significant Accounting Policies

#### (d) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Company. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

#### (e) Financial Instruments

##### Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. 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 recognised immediately as expenses in profit or loss.

##### 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:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- 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
- less any reduction for impairment.

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 1 Summary of Significant Accounting Policies

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. 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 .

Loans and receivables are classified as current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

#### (iii) *Held-to-maturity investments*

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

Held-to-maturity investments are classified as non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

#### (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. They are subsequently measured at fair value.

Available-for-sale financial assets are classified as non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

#### (v) *Financial liabilities*

Non-derivative financial liabilities are subsequently measured at amortised cost.

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 1 Summary of Significant Accounting Policies

#### Fair Value

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

#### Impairment

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

#### (f) Impairment of Assets

At the end of each reporting period, the Company 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 it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite useful lives.

#### (g) Intangibles

##### *Poker Machine Licences*

Poker machine licences are recognised at cost of acquisition. Poker machine licences are tested annually for impairment and carried at cost less accumulated impairment losses.

##### *Software*

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of three years.

#### (h) 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 Company are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 1 Summary of Significant Accounting Policies

#### (h) Leases

expense for the period.

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

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### (i) 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, plus related on-costs. 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.

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

#### (j) Provisions

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

#### (k) 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.

#### (l) Trade and other payables

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

#### (m) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

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

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 1 Summary of Significant Accounting Policies

#### (m) Revenue

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).

#### (n) Goods and Services Tax (GST)

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

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

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.

#### (o) Comparative Figures

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

When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

#### (p) 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.

##### *Key estimates - Impairment*

The Company assesses impairment at the end of each reporting period by evaluating conditions 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. The recoverable amount of the poker machine licences was estimated based on its value in use using a pre-tax discount rate of 15% and a growth rate of 1%. The recoverable amount was estimated to be higher than the carrying amount of the poker machine licences, and no impairment was required.

No other impairment has been recognised in respect of assets at reporting date.

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 2 Revenue and Other Income

#### (a) Revenue

	2017	2016
	\$	\$
<b>Sale of goods:</b>		
- Bar sales	647,474	665,381
- Bistro sales	406,074	352,320
	<u>1,053,548</u>	<u>1,017,701</u>
<b>Other revenue:</b>		
- Commission received	61,170	57,575
- Function room hire fees	191	491
- Interest received	14,165	14,470
- Poker machine takings	1,128,085	1,043,160
- Membership subscriptions	13,718	12,695
- Poker machine GST rebate	17,180	17,180
- Green fees	90,359	101,680
- Bingo and raffles	84,948	85,270
- Sundry revenue	15,489	19,606
	<u>2,478,853</u>	<u>2,369,828</u>
<b>Total Revenue</b>	<u>2,478,853</u>	<u>2,369,828</u>
<b>(b) Other income</b>		
- Net gain on disposal of property, plant and equipment	8,965	-
	<u>8,965</u>	<u>-</u>
<b>Total Other Income</b>	<u>8,965</u>	<u>-</u>
	<u>2,487,818</u>	<u>2,369,828</u>

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 3 Profit for the Year

#### (a) Expenses

	2017	2016
	\$	\$
<b>Depreciation and amortisation</b>		
Depreciation - buildings	37,641	51,299
Plant and machinery	209,118	194,438
Motor vehicles	7,931	3,858
Software	986	859
<b>Total depreciation and amortisation</b>	<b>255,676</b>	<b>250,454</b>
<b>Net loss on disposal of property, plant and equipment</b>	<b>-</b>	<b>2,206</b>
<b>Cost of sales</b>		
- Bar sales	295,249	289,605
- Bistro sales	174,470	158,423
	<b>469,719</b>	<b>448,028</b>

### Note 4 Cash and Cash Equivalents

Cash at bank and in hand	<b>104,638</b>	140,722
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#### Reconciliation of Cash

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<b>104,638</b>	140,722
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# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 5 Trade and Other Receivables

	2017	2016
	\$	\$
<b>Current</b>		
Trade and other receivables	<u>12,331</u>	<u>14,466</u>

### Note 6 Inventories

<b>Current</b>		
<b>Finished goods - at cost</b>		
Bar stock	33,859	30,853
Bistro stock	8,873	4,851
	<u>42,732</u>	<u>35,704</u>

### Note 7 Other Financial Assets

<b>Current</b>		
Held-to-maturity financial assets	7(a) <u>513,183</u>	<u>498,948</u>
<b>(a) Held-to-maturity investments comprise:</b>		
Interest bearing deposits	<u>513,183</u>	<u>498,948</u>

### Note 8 Other Assets

<b>Current</b>		
Prepayments	<u>13,173</u>	<u>11,674</u>

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 9 Property Plant and Equipment

	2017	2016
	\$	\$
<b>Land and Buildings</b>		
<b>Freehold Land</b>		
Land at cost	<u>86,944</u>	86,944
<b>Buildings</b>		
Buildings at cost	1,805,177	1,804,177
Less: accumulated depreciation	<u>(1,456,128)</u>	<u>(1,418,487)</u>
<b>Total buildings</b>	<u>349,049</u>	385,690
<b>Total land and buildings</b>	<u>435,993</u>	472,634
<b>Plant and Equipment</b>		
Plant and equipment at cost	2,422,816	2,281,761
Less: accumulated depreciation	<u>(1,755,016)</u>	<u>(1,623,321)</u>
<b>Total plant and equipment</b>	<u>667,800</u>	658,440
<b>Motor Vehicles</b>		
Motor vehicles at cost	38,010	38,010
Less: accumulated depreciation	<u>(10,252)</u>	<u>(2,321)</u>
<b>Total motor vehicles</b>	<u>27,758</u>	35,689
<b>Total property, plant and equipment</b>	<u>1,131,551</u>	<u>1,166,763</u>

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 9 Property Plant and Equipment

#### (a) 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	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
<b>2017</b>					
Balance at the beginning of year 1 June 2016	86,944	385,690	658,440	35,689	1,166,763
Additions	-	1,000	222,513	-	223,513
Disposals - written down value	-	-	(4,035)	-	(4,035)
Depreciation expense	-	(37,641)	(209,118)	(7,931)	(254,690)
Balance at 31 May 2017	<u>86,944</u>	<u>349,049</u>	<u>667,800</u>	<u>27,758</u>	<u>1,131,551</u>

### Note 10 Intangible Assets

	2017	2016
	\$	\$
<b>Software</b>		
Software at cost	7,300	7,300
Accumulated amortisation	(1,955)	(969)
Net carrying value	<u>5,345</u>	<u>6,331</u>
<b>Poker Machine Licences</b>		
Poker machine licences at cost	185,095	185,095
Accumulated impairment losses	-	-
Net carrying value	<u>185,095</u>	<u>185,095</u>
<b>Total Intangibles</b>	<u>190,440</u>	<u>191,426</u>

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 10 Intangible Assets continued

#### Reconciliation of intangible assets

	Software \$	Poker machine licences \$	Total \$
<b>Year ended 31 May 2017</b>			
Opening balance	6,331	185,095	191,426
Additions	-	-	-
Disposals	-	-	-
Amortisation	(986)	-	(986)
<b>Balance at 31 May 2017</b>	<b>5,345</b>	<b>185,095</b>	<b>190,440</b>

Poker machine licences have been determined to have indefinite useful lives as the licences have not been cancelled by legislation and the Company has no intention to sell poker machine licences .

### Note 11 Trade and Other Payables

	2017 \$	2016 \$
<b>Current</b>		
<b>Unsecured liabilities</b>		
Trade Payables	126,426	71,161
Other payables	91,400	57,482
	<b>217,826</b>	<b>128,643</b>

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 12 Borrowings

	Note	2017 \$	2016 \$
<b>Current</b>			
<b>Unsecured liabilities</b>			
Borrowings	12(a)	<u>65,870</u>	<u>38,576</u>
<b>Total current borrowings</b>		<u>65,870</u>	<u>38,576</u>
<b>Non-current</b>			
<b>Unsecured liabilities</b>			
Borrowings	12(a)	<u>3,102</u>	<u>43,428</u>
<b>Total non-current borrowings</b>		<u>3,102</u>	<u>43,428</u>
<b>Total Borrowings</b>		<u>68,972</u>	<u>82,004</u>

#### (a) Loans

The loans consist of three finance contracts for the purchase of poker machines entered into during the 2015 with a three year term and 2017 financial year with a one year term. The loans are interest free with aggregate monthly repayments of \$10,331.

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 13 Provisions

	Employee benefits	Total
	\$	\$
Opening balance at 1 June 2016	144,845	144,845
Additional provisions	46,810	46,810
Provisions used	(50,049)	(50,049)
Balance at 31 May 2017	<u>141,606</u>	<u>141,606</u>

2017	2016
\$	\$

#### Analysis of Total Provisions

##### Employee benefits

Current	118,117	134,706
Non-current	23,489	10,139
	<u>141,606</u>	<u>144,845</u>

#### Provision for Employee Benefits

Provision for employee benefits represent amounts accrued for wages, annual leave and long service leave.

The current portion for this provision includes the total amount accrued for wages, annual leave entitlements and amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service.

These amounts are classified as current liabilities since the Company does not have an unconditional right to defer settlement of these amounts in the event employees wish to use their entitlement.

The non-current portion of the provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

### Note 14 Other Liabilities

#### Current

Other liabilities	<u>32,810</u>	<u>36,595</u>
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# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 15 Capital and Leasing Commitments

#### (a) Operating Lease Commitments

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

	2017	2016
	\$	\$
Minimum lease payments payable:		
- not later than 12 months	-	1,300
	<u>-</u>	<u>1,300</u>

The Company had a commitment in relation to a maintenance agreement on the System 7000 poker machine system. This ran in conjunction with the finance agreement over a total of 36 months.

#### (b) Capital Expenditure Commitments

Capital expenditure commitments contracted for:

- Club Furniture	<u>14,377</u>	-
Payable:		
- not later than 12 months	<u>14,377</u>	-

### Note 16 Contingent Liabilities

#### Bank Guarantee

TAB Limited	<u>5,000</u>	<u>5,000</u>
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The Company has a banker's guarantee in favour of TAB Limited for \$5,000. The guarantee is secured by mortgage over the Company's premises. The guarantee is only payable in the event of economic loss to the TAB caused by the Company's staff. To date there has been no event or events that would require the guarantee to be called upon.

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 17 Members' Guarantee

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$5 each towards meeting outstanding obligations of the Company. At 31 May 2017 the number of members was 1,361 (2016: 1,395).

### Note 18 Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of that entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The aggregate compensation of key management personnel during the year comprising amounts paid or payable or provided for was as follows:

	2017	2016
	\$	\$
Short-term employee benefits	177,263	145,941
Post-employment benefits	16,381	13,684
Other long-term benefits	7,342	-
Total	<u>200,986</u>	<u>159,625</u>

### Note 19 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.

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Notes to the Financial Statements

For the Year Ended 31 May 2017

### Note 20 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, cash on hand, accounts receivable and payable, and borrowings .

The carrying amounts 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:

	2017	2016
	\$	\$
<b>Financial Assets:</b>		
Cash and cash equivalents	104,638	140,722
Trade and other receivables	12,331	14,466
Interest bearing deposits	513,183	498,948
<b>Total financial assets</b>	<u>630,152</u>	<u>654,136</u>
<b>Financial Liabilities</b>		
Trade and other payables	217,826	128,643
Borrowings	68,972	82,004
<b>Total financial liabilities</b>	<u>286,798</u>	<u>210,647</u>

### Net Fair Values

The net fair values of financial assets and financial liabilities approximates their carrying values. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

### Note 21 Company Details

The registered office and principal place of business of the Company is:

Lake Cathie Bowling and Recreation Club Limited  
45 Evans Street  
Lake Cathie

# Lake Cathie Bowling and Recreation Club Limited

ABN: 65 000 995 595

## Directors' Declaration

In accordance with a resolution of the Directors of Lake Cathie Bowling and Recreation Club Limited, the Directors of the Company declare that:

1. The financial statements comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the financial statements, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - (b) give a true and fair view of the financial position of the Company as at 31 May 2017 and of its performance for the year ended on that date of the Company.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director .....  .....  
Warren HENDERSON

Dated: 31 July 2017



NorthCorp  
accountants

PARTNERS  
Robert Magnussen B Bus FCA  
Paul Fahey B Bus CA  
Rodney Smith B Fin Admin FCA  
Bart Lawler B Com CA  
Patrick Brennan B Com CA

## **Independent Auditor's Report to the members of Lake Cathie Bowling and Recreation Club Limited**

### **Report on the Audit of the Financial Report**

#### **Opinion**

We have audited the financial report of Lake Cathie Bowling and Recreation Club Limited, which comprises the Statement of Financial Position as at 31 May 2017, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration. and the directors' declaration.

In our opinion, the accompanying financial report of Lake Cathie Bowling and Recreation Club Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 May 2017 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

#### **Basis for Opinion**

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

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

#### **Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 May 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



NorthCorp  
accountants

PARTNERS  
Robert Magnussen B Bus FCA  
Paul Fahey B Bus CA  
Rodney Smith B Fin Admin FCA  
Bart Lawler B Com CA  
Patrick Brennan B Com CA

## **Independent Auditor's Report to the members of Lake Cathie Bowling and Recreation Club Limited**

### **Responsibilities of Directors for the Financial Report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



**NorthCorp**  
accountants

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Robert Magnussen B Bus FCA  
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**Independent Auditor's Report to the members of  
Lake Cathie Bowling and Recreation Club Limited**

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

**NorthCorp Accountants**

**Rodney Smith**  
Partner

**10-12 Short Street  
Port Macquarie NSW 2444**

**Dated: 31 July 2017**