CABARITA BEACH BOWLS & SPORTS CLUB LIMITED TRADING AS CABARITA BEACH SPORTS CLUB

ABN: 70 000 998 863

Financial Report For The Year Ended 30 June 2012

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CABARITA BEACH BOWLS & SPORTS CLUB LIMITED TRADING AS CABARITA BEACH SPORTS CLUB
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DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2012.

Directors

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

Ian Crabb
James Baxter
Neal Ambrose appointed (7/11/2011)
Glenys Cartwright
Robert Coustley
Greg Goode appointed (7/11/2011)
Jack McArdle
Raymond Anderson not re-elected (7/11/2011)
Robyn Creedon not re-elected (7/11/2011)

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 activity of the entity during the financial year was:

- To provide members with lawn bowling and other sporting activities

Short-term and Long-term Objectives

The company's short term objectives are to:

- develop an annual budget.
- continually monitor the financial activities of the Club to ensure its continued viability.
- decrease (Monitor) our bank loan
- continually monitor the environment of the Club to ensure that we are providing a safe place for our members, visitors and staff.
- provide adequate and appropriate sponsorship to the Sub-clubs to ensure the continuation of activities for Club members.
- create a welcoming and friendly atmosphere for our members, visitors and staff.
- encourage community groups to make use of our Club facilities.
- monitor and advertise the distribution of CDSE (Community Development Support Expenditure) funds to local charities.
- continue to seek major sponsorship for bowls tournaments.
- look at ways to find savings in electricity costs.

The company's long term objectives are to:

- continually review our facilities with regarding to improving the outdoor & indoor ambience of the Club for our members, visitors and staff.
- continually review future options that can ensure the future viability of the Club.
- pay off all bank loans.
- look for ways of increasing advertising revenue around the Club

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

- Monthly review of financial accounts
- Complete the concrete path from verandah to northern gate. Install new shades.
- Review the safety aspects of lighting on greens and take appropriate steps to address any concerns.
- Work with a consultant to develop a plan for the staged development of the restaurant/kitchen.
- Review the safety of flagpole and take steps to address any concerns.
- Monthly reports to the Board on WHS issues, Reports actioned if necessary.
- General Manager and Finance Committee develop an annual budget..
- Encourage local charities to make application for CDSE funds.
- Notify community of CDSE funding allocation.
- Support General Manager and staff with their professional development and performance.
- Seek advice on ways of addressing increasing energy costs.

Key Performance Measures

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

- having a satisfactory operating profit. Operating profit was up 16.5% on 2012 budgeted operating profit of $346,876.
- completing the concrete path between Green 2 & Green 3. New shades installed.
- redesigning and constructing a new covered area around the new flagpole following safety concerns of the old flag pole and the surrounding area.
- taking appropriate steps that addressed the safety concerns associated with the lighting facilities around the greens. Old rusted lights will be removed from poles in 2013 financial year.
- reviewing monthly reports on WHS issues around the Club and ensuring that issues were addressed.
- consulting qualified personnel on energy saving. Signing contract with Infinity Solar to install 266 solar panels on Club roof in July/August of the 2013 financial year. This is a 62.5 kW solar system and will meet one quarter of our daily energy use. As well, new energy efficient bulbs and fluorescent tubes will be installed throughout the club at the beginning of the 2013 financial year.
- allocating appropriate CDSE funds from poker machine revenue to local charities. Displaying allocations in the Club foyer.
- encouraging and supporting the General Manager with the costs associated with the professional development of staff.
- finalising the concept design plans (drawn up by Parameter Design) for the renovation of the restaurant/kitchen and the TAB area. Costings associated with Stage 1 (Restaurant/kitchen) to be submitted to the Board at the beginning of the 2013 financial year for consideration and action.
- paying off $120,000 of the current bank loan with the balance owing to paid off by January 2013.

Information on Directors

Ian Crabb	—	Chairman
Qualifications	—	Member of the Board, 3 years 9 months
Special Responsibilities	—	Finance Committee, Poker Machines, Special Events
James Baxter	—	Deputy Chairman
Qualifications	—	Member of the Board 14 years
Special Responsibilities	—	Finance Committee, Raffles and Promotions
Neal Ambrose	—	Director
Qualifications	—	7 months
Special Responsibilities	—	Maintenance & Development Director
Glenys Cartwright	—	Director
Qualifications	—	Member of the Board, 2 years 7 months
Special Responsibilities	—	Finance Committee
Robert Coustley	—	Director
Qualifications	—	6 years 7 months
Special Responsibilities	—	Poker Machines
Greg Goode	—	Director
Qualifications	—	7 months
Special Responsibilities	—	Liaison Sub-Clubs
Jack McArdle	—	Director
Qualifications	—	3 years 5 months
Special Responsibilities	—	Poker Machines, Greens Director
Raymond Anderson	—	Director (not re-elected 7 November 2011)
Qualifications	—	Member of the Board 4 years, 9 months
Special Responsibilities	—	WHS Director
Robyn Creedon	—	Director (not re-elected 7 November 2011)
Qualifications	—	3 years 2 months
Special Responsibilities	—	Liaison Sub-Clubs

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED TRADING AS CABARITA BEACH SPORTS CLUB
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DIRECTORS' REPORT

Meetings of Directors

During the financial year, 19 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	No. eligible to attend	No. attended
Ian Crabb	19	19
James Baxter	19	18
Neal Ambrose	12	10
Glenys Cartwright	19	16
Robert Coustley	19	19
Greg Goode	12	12
Jack McArdle	19	18
Raymond Anderson	7	7
Robyn Creedon	7	4

The entity is incorporated under the Corporations Act 2001 and is a 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 company. At 30 June 2012 the total amount that members of the company are liable to contribute if the company is wound up is $4,277 (2011: $4,504).

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

The Directors consider the Club's defined premises and all of its facilities to be Core Property. The directors do not consider the Club to have Non-Core Property.

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.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 4 of the financial report.

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

I. G. Crabb

Director

Ian Crabb

Dated this 25th day of September 2012

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED TRADING AS CABARITA BEACH SPORTS CLUB
ABN: 70 000 998 863
AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF
THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CABARITA BEACH BOWLS & SPORTS CLUB

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 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 Principal Barry Dunnett

Date 24/09/2012

Address Suite 218 Level 2 Showcase on the Beach

72-80 Marine Parade

Coolangatta QLD 4225

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED TRADING AS CABARITA BEACH SPORTS CLUB
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	Note	2012 $	2011 $
Revenue	2	4,266,481	4,249,381
Employee benefits expense		(1,103,495)	(1,166,117)
Depreciation and amortisation expense	3	(302,083)	(263,484)
Interest expense	3	(19,959)	(24,215)
Purchases		(1,268,328)	(1,353,103)
Changes in inventories		(1,534)	62,451
Other expenses	3	(1,474,535)	(1,428,524)
Profit/(loss) before income tax		96,547	76,389
Income tax expense		-	-
Profit/(loss) after income tax		96,547	76,389

The accompanying notes form part of these financial statements.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED TRADING AS CABARITA BEACH SPORTS CLUB
ABN: 70 000 998 863
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Net current year profit/(loss)		96,547	76,389
Other comprehensive income:			
Net gain on revaluation of property, plant and equipment	8	550,614	722,778
Total comprehensive income for the year		647,161	799,167

The accompanying notes form part of these financial statements.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED TRADING AS CABARITA BEACH SPORTS CLUB
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	Note	2012 $	2011 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	462,066	277,769
Accounts receivable and other debtors	5	7,810	14,169
Inventories on hand	6	141,609	140,075
Other current assets	7	15,145	11,623
Total Current Assets		626,630	443,636
Non-Current Assets			
Property, plant and equipment	8	4,980,063	4,553,186
Intangible assets	9	104,417	104,417
Total Non-current Assets		5,084,480	4,657,603
TOTAL ASSETS		5,711,110	5,101,239
LIABILITIES			
Current Liabilities			
Accounts payable and other payables	10	279,211	222,232
Borrowings	11	119,223	34,412
Provisions	12	49,343	66,328
Total Current Liabilities		447,777	322,972
Non-Current Liabilities			
Borrowings	11	48,511	216,173
Provisions	12	17,650	12,284
Total Non-Current Liabilities		66,161	228,457
TOTAL LIABILITIES		513,938	551,429
NET ASSETS		5,197,172	4,549,810
EQUITY			
Retained earnings		3,064,031	2,967,484
Reserves	18	2,133,141	1,582,326
TOTAL EQUITY		5,197,172	4,549,810

The accompanying notes form part of these financial statements.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED TRADING AS CABARITA BEACH SPORTS CLUB
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Note	Retained Earnings $	Revaluation Reserve $	Total $
Balance at 1 July 2010		2,891,095	859,549	3,750,644
Profit/(loss) for the year attributable to the entity		76,389	-	76,389
Other comprehensive income for the year	8			
Revaluation adjustment		-	722,778	722,778
Total comprehensive income attributable to the entity		76,389	722,778	799,167
Balance at 30 June 2011		2,967,484	1,582,327	4,549,811
Comprehensive Income				
Profit/(loss) for the year attributable to the entity		96,547	-	96,547
Other comprehensive income for the year				
Revaluation adjustment		-	550,814	550,814
Total comprehensive income attributable to the entity		96,547	550,814	647,361
Balance at 30 June 2012		3,064,031	2,133,141	5,197,172

The accompanying notes form part of these financial statements.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED TRADING AS CABARITA BEACH SPORTS CLUB
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	Note	2012 $	2011 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and guests		4,681,934	4,664,189
Payments to suppliers and employees		(4,219,489)	(4,264,355)
Interest received		2,812	5,398
Interest paid		(19,959)	(29,992)
Net cash generated from/(used in) operating activities	15	445,298	375,240
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(178,146)	(218,995)
Payment for intangible asset		-	(104,417)
Net cash generated from/(used in) investing activities		(178,146)	(323,412)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of flexible rate loan		(120,000)	(120,000)
Repayment of finance lease commitments and hps		(34,580)	(34,750)
Repayment of equipment loan		(2,084)	-
Increase in finance lease commitments		164	-
Equipment loan received		73,645	-
Net cash generated from/(used in) financing activities		(82,855)	(154,750)
Net increase/(decrease) in cash held		184,297	(102,922)
Cash and cash equivalents at the beginning of the financial year		277,769	380,691
Cash and cash equivalents at the end of the financial year	4	462,066	277,769

The accompanying notes form part of these financial statements.

The financial statements cover Cabarita Beach Bowls & Sports Club Limited Trading as Cabarita Beach Sports Club as an individual entity, incorporated and domiciled in Australia. Cabarita Beach Bowls & Sports Club Limited Trading as Cabarita Beach Sports Club is a company limited by guarantee. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 (including Australian Accounting Interpretations) 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 stated otherwise.

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 amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 25 September 2012 by the directors of the company.

Accounting Policies

(a) Revenue

Gaming subsidies are recognised in the period receipted, which aligns with the timeframe the poker machines are patronised.

Revenue from gaming is derived from poker machines and is recognised 'net' of payouts to players.

Revenue from beverage sales is recognised when beverage is acquired by patrons.

Revenue from raffles is derived from ticket sales and is recognised in the period the raffle is drawn.

Sponsorship revenue is recognised upon invoice to the sponsor; this amount is determined in accordance with the amount pledged and the timing with which the agreed pledge will flow to the Company .

Revenue from membership subscriptions are recognised upon receipt. However, those received in advance for future years are deferred until those timeframes are reached and are recognised, in the meanwhile, as a liability in the statement of financial position. Revenue from members subscriptions is aligned with the period the members utilise the facilities provided and paid for.

Revenue from green fees is recognised in the period the bowling green is used by playing patrons for such purposes. The receipt of fees and playing of bowls usually occurs in the same timeframe.

Rent received is recognised in accordance with negotiated lease agreement. The periods recognised equate to those of the financial year under review. Rent received in advance for future years is deferred until those timeframes are reached and is recognised, in the meanwhile, as a liability in the statement of financial position.

Commission revenue derived from patronising the ATM, Keno and TAB facilities provided, are recognised in the period it is earned.

Donations and bequests are recognised as revenue when received.

Revenue from promotional rebates are recognised in the period they are earned, per the negotiated contracts.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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 on hand

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

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

(c) Property, Plant and Equipment

The entity applies the cost model as its accounting policy to plant and equipment and the revaluation model to property.

Freehold Property

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

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in the statement of comprehensive income.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event 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 recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost are 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 available for use.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	15 - 20%
Leased plant and equipment	22.5%
Integral parts of building	5 - 20%

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

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, recognising 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 recognised 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 (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 expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

(i) 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.

(ii) 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.

(iii) Financial liabilities

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

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire 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 when the related obligations are discharged, cancelled or expired. The difference between the carrying amount 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 assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

(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 the CPi average over the past few years.

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 and term deposits used for day-to-day operating cashflow (which have short maturing periods), and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(j) 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 on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Income Tax

The entity has self-assessed and has deemed itself as exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997* . Accordingly, no provision for income tax has been raised.

(l) Intangibles

Poker Machine Entitlements

Poker machine entitlements are recorded at cost. They are assessed annually for impairment.

(m) 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.

(n) Comparative Figures

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

(o) Accounts Payable and Other Payables

Accounts payable and other payables represent the liabilities for goods and services received by the company during the reporting period that 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.

(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

Valuation of Property

Attention is drawn to note 8.

Long Service Leave Entitlement

Assessments are made on the probability of staff fulfilling both a conditional and unconditional right to long service leave. This takes into account staff history within the entity itself and characterisation of the industry itself.

(q) Economic Dependence

Cabarita Beach Bowls & Sports Club Limited Trading as Cabarita Beach Sports Club 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 Cabarita Beach Bowls & Sports Club Limited Trading as Cabarita Beach Sports Club.

(r) Fringe benefits tax (FBT)

The entity self assesses its liability for fringe benefits tax on an annual basis.

(s) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

— AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

— simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

— simplifying the requirements for embedded derivatives;

— removing the tainting rules associated with held-to-maturity assets;

— removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

— allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

— requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

— requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

— AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

— Tier 1: Australian Accounting Standards; and

— Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Since the Company is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the Company will take advantage of Tier 2 reporting at a later date.

— AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the Company.

— AASB 2011-9: Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Company.

Note 2 Revenue

		2012 $	2011 $
Revenue from government grants and operating activities			
— Government subsidy		17,180	17,180
— Gaming		1,901,670	1,937,176
— Bar sales		1,153,577	1,119,429
— Bottleshop sales		865,144	910,864
— Commission		134,249	126,229
— Club raffles		56,762	52,555
— Coffee shop sales		24,937	25,682
— Member subscriptions		23,865	20,418
— Other		72,950	21,674
	Note	4,250,334	4,231,207
Other revenue			
— Rent received	2(a)	13,335	12,776
— Interest received		2,812	5,398
		16,147	18,174
Total revenue		4,266,481	4,249,381

(a) Rent received has been classified as 'other revenue' in 2012. The comparative has been reclassified accordingly.

Note 3 Expenses

	2012 $	2011 $
(a) Disclosable expenses		
Depreciation and Amortisation		
— land and buildings	111,602	75,669
— plant and equipment	176,150	171,100
— capitalised leased assets	14,331	16,715
Total Depreciation and Amortisation	302,083	263,484
Interest expense on financial liabilities	19,959	24,215
Rental expense on operating leases		
— minimum lease payments (poker machine game licence)	3,612	4,220
Auditor Remuneration		
— audit services	13,100	12,000
— non-audit services	294	-
Total Auditor Remuneration	13,394	12,000

Directors expenses	879	951
Directors honorariums	7,750	7,750
	8,629	8,701
Cost of sales		
— bar	510,157	500,244
— bottleshop	733,341	764,175
— coffee shop	26,363	26,236
	1,269,861	1,290,655

(b) Other expenses

Poker machine expenses	319,665	337,009
Members expenses	137,339	127,857
Electricity	112,187	109,752
Repairs and maintenance	103,839	105,964
Entertainment	81,295	101,901
Employee on-costs expenses	80,493	72,341
Advertising	76,673	68,480
Club raffles	73,238	54,206
Cleaning	68,470	67,512
Insurance	68,025	58,886
Security	55,623	60,671
Donations & CDSE	45,703	34,741
Courtesy bus	37,569	38,651
Other operating expenses	186,921	186,333
	1,447,040	1,424,304

(c) Employee costs

Employee benefits expense	1,103,495	1,166,117
Employee on-costs expenses	80,493	72,341
	1,183,988	1,238,458

Note 4 Cash and Cash Equivalents

	2012 $	2011 $
CURRENT		
Cheque account	255,001	79,240
Cash on hand	142,487	136,735
Cash Maximiser account	64,578	61,794
Total cash and cash equivalents as stated in the statement of financial position	462,066	277,769
Total cash and cash equivalents as stated in the cash flow statement	462,066	277,769

Note 5 Accounts Receivable and Other Debtors

	Note	2012 $	2011 $
CURRENT			
Accounts receivable		4,632	6,538
Other debtors		3,178	7,631
Total current accounts and other receivables	16	7,810	14,169

Note 6 Inventories on hand

	2012 $	2011 $
CURRENT		
At cost		
Bottleshop stock	120,479	119,427
Bar Stock	19,699	18,635
Coffee shop stock	1,431	2,013
	141,609	140,075

Note 7 Other Current Assets

	2012 $	2011 $
Prepayments	15,145	11,623
	15,145	11,623

Note 8 Property, Plant and Equipment

	Note	2012 $	2011 $
LAND AND BUILDINGS			
Freehold land at fair value:			
— Directors valuation 2012	8(a)	1,200,000	-
— Independent valuation 2011		-	1,200,000
Total land		1,200,000	1,200,000
Buildings at fair value:			
— Directors valuation	8(b)	3,279,546	2,836,809
Total buildings		3,279,546	2,836,809
Total land and buildings		4,479,546	4,036,809
PLANT AND EQUIPMENT			
Plant and equipment			
— At cost		1,849,689	1,698,303
— Less accumulated depreciation		(1,425,298)	(1,249,148)
		424,391	449,155
Leased Assets			
— At cost		112,597	109,178
— Less accumulated depreciation		(56,287)	(41,956)
		56,310	67,222
Capital works in progress			
— At cost		19,816	-
		19,816	-
Total plant and equipment		500,517	516,377
Total property, plant and equipment and capital works in progress		4,980,063	4,553,186

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 $	Leased Plant & Equipment $	Capital Works in progress $	Total $
2011						
Balance at the beginning of the year	1,400,000	1,823,960	557,461	79,475	14,000	3,874,896
Additions at cost	-	151,740	62,794	4,462	-	218,996
Disposals / internal transfer	-	14,000	-	-	(14,000)	-
Revaluation adjustment	(200,000)	922,778	-	-	-	722,778
Depreciation expense	-	(75,669)	(171,100)	(16,715)	-	(263,484)
Carrying amount at end of year	1,200,000	2,836,809	449,155	67,222	-	4,553,186
2012						
Balance at the beginning of the year	1,200,000	2,836,809	449,155	67,222	-	4,553,186
Additions at cost	-	3,525	151,386	3,419	19,816	178,146
Revaluation adjustment	-	550,814	-	-	-	550,814
Depreciation expense	-	(111,602)	(176,150)	(14,331)	-	(302,083)
Carrying amount at end of year	1,200,000	3,279,546	424,391	56,310	19,816	4,980,063

Asset revaluations

(a) Land

The revaluation model is applied to land. The fair value of land was determined from market based evidence by appraisal. This was conducted in 2011 by Wayne Moore LJ Hooker Cabarita Beach, using the sales comparison approach.

The purpose of the valuation was for financial reporting only.

Whilst its unique 6b zoning presented some difficulties to obtain true comparative sales, data was gathered for land sales from the wider Tweed Shire coastal areas of property zoned similarly and potentially of the clubs existing use.

The Board is of the opinion that this method is appropriate in the circumstances.

The Board has considered the current market, is of the view that little has changed and, accordingly, have made no changes this year.

(b) Buildings

The revaluation model is applied to buildings. The fair value of buildings is usually determined from market-based evidence by appraisal. However, it is evident that there is very little or no market based evidence of value because club buildings are rarely sold within a reasonable radius of Cabarita.

The Accounting Standards suggest that, in the absence of market based evidence, the depreciated replacement cost approach may be used to estimate fair value. The purpose of the valuation was for financial reporting purposes. The Board has used the depreciated replacement cost approach.

Key variables include replacement cost per square meter and the building's total estimated useful life. The former was obtained from an insurance appraisal by Independent Inspections (prior: Rawlins Construction guide).

The 2012 valuation resulted in an increase in buildings value by $550, 814.

The use of the appraisal has resulted in the inclusion of costs for site clearance, in the event the building is destroyed through fire, for example. Such inclusion is considered prudent in the Board's view. This has, in essence, given rise to the increase in the depreciated replacement cost of the building. The Board is of the opinion that the application of the insurance appraisal is really a change in estimate and not a change in accounting policy.

Note 9 Intangible Assets

	2012 $	2011 $
Poker machine entitlements - at cost	104,417	104,417
Accumulated amortisation	-	-
Net carrying value	104,417	104,417

Note 10 Accounts Payable and Other Payables

	Note	2012 $	2011 $
CURRENT			
Accounts payable		150,188	102,301
GST payable		41,170	41,520
Accrued expenses		36,523	35,473
Sundry creditors		19,515	4,000
Payroll liabilities		16,139	25,500
Deferred income		15,676	13,438
	10(a)	279,211	222,232

		2012 $	2011 $
(a) Financial liabilities at amortised cost classified as trade and other payables			
Accounts payable and other payables			
— Total current		279,211	222,232
Less deferred income		(15,675)	(13,438)
Financial liabilities as accounts payable and other payables	16	263,536	208,794

Note 11 Borrowings

	Note	2012 $	2011 $
CURRENT			
Lease liabilities	13	18,730	34,412
Hire purchase liability		3,272	-
Flexible rate bank loan		70,000	-
Equipment loan		27,221	-
		119,223	34,412
NON-CURRENT			
Lease liabilities	13	4,171	22,901
Flexible rate bank loan		-	190,000
Hire purchase liability		-	3,272
Equipment loan		44,340	-
		48,511	216,173
	16	167,734	250,585

		Note		
(a)	Total current and non-current secured liabilities:			
	Lease liabilities		22,901	57,313
	Flexible rate bank loan and equipment loan	15	141,561	190,000
	Hire purchase liability		3,272	3,272
			167,734	250,585
(b)	The carrying amounts of non-current assets pledged as security are:			
	Freehold land and buildings		4,479,546	4,036,809
	Plant and equipment		66,950	-
			4,546,496	4,036,809
(c)	Lease liabilities are secured by the underlying assets. The timeframes for settlement are disclosed in note 13.	15		
(d)	The Equipment loan is secured by the underlying assets. The loan draw down commenced in June 2012, is repayable over 3 years and the interest component is fixed. The terms and conditions are those per the Master Asset Finance Agreement 23/5/2008.	15		
(e)	The NAB flexible rate loan was negotiated in 13 November 2009 with an original facility of $500,000. The facility expires on 30 April 2013, whereupon the conditions thereof require principal settlement. Until then, the interest component must be serviced. The Board has elected to make principal payments of $10,000 monthly. The security for this loan is disclosed in note 15.			

Note 12 Provisions

	2012	2011
CURRENT		
Short-term Employee Benefits (annual and long service leave)	$	$
Opening balance at 1 July 2011	66,328	87,415
Additional provisions raised during year	58,715	64,588
Amounts used	(75,700)	(85,675)
Balance at 30 June 2012	49,343	66,328
NON-CURRENT		
Long-term Employee Benefits (long service leave)		
Opening balance at 1 July 2011	12,284	14,226
Additional provisions raised during year	5,366	-
Amounts used	-	(1,942)
Balance at 30 June 2012	17,650	12,284

	2012	2011
Analysis of Total Provisions	$	$
Current	49,343	66,328
Non-current	17,650	12,284
	66,993	78,612

Provision for Non-current Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 of financial statements.

Note 13 Capital and Leasing Commitments

(a) Finance Lease Commitments

	2012	2011
Payable – minimum lease payments	$	$
— not later than 12 months	19,734	33,649
— later than 12 months but not later than 5 years	4,268	24,002
Minimum lease payments	24,002	57,651
Less future finance charges	(1,102)	(2,743)
Present value of minimum lease payments	22,900	54,908

The motor vehicle and poker machine lease commitments are non-cancellable finance leases contracted for with three year terms.

(b) Operating Lease Commitments

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

	2012	2011
Payable – minimum lease payments	$	$
— not later than 12 months	1,632	3,916
— later than 12 months but not later than 5 years	-	1,632
	1,632	5,548

The gaming licence lease commitment is a non-cancellable operating lease contracted for (but not capitalised in the financial statements) with a three year term.

(c) Hire Purchase Commitments

	2012	2011
Payable – minimum payments	$	$
— not later than 12 months	3,441	3,754
— later than 12 months but not later than 5 years	-	3,441
Minimum payments	3,441	7,195
Less future finance charges	(169)	(684)
Present value of minimum payments	3,272	6,511

The photocopier hire purchase commitment is non cancellable and contracted for with a three year term.

(d) Capital Commitment

The company has negotiated an agreement to acquire solar panelling to the value of $148,000 of which $8,000 has been paid.

Note 14 Related Party Transactions

Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

	2012	2011
Key Management Personnel Compensation	$	$
— Short-term benefits	104,759	132,409
— Post-employment benefits	8,567	9,175
	113,326	141,584

Note 15 Cash Flow Information

(a) Reconciliation of Cashflow from Operations with Profit after Income Tax

	2012 $	2011 $
Profit after income tax	96,547	76,389
Non cash flows		
Depreciation and amortisation expense	302,083	263,484
Changes in assets and liabilities		
(Increase)/decrease in accounts receivable and other debtors	6,360	9,533
Increase/(decrease) in accounts payable and other payables	56,982	(8,960)
Increase/(Decrease) in provisions	(11,620)	(23,028)
(Increase)/Decrease in inventories	(1,534)	62,451
(Increase)/Decrease in prepayments	(3,520)	(4,629)
	445,298	375,240

(b) Credit Standby

	2012	2011
Credit card	5,000	5,000
Business lending - overdraft	60,000	60,000
Sub total	65,000	65,000
Amount utilised	-	-
Amount unused	65,000	65,000

(c) Loan Facilities

	2012	2011
Asset Finance - leasing	300,000	50,000
NAB Business Markets- Flexible Rate Loan (refer note 11)	210,000	330,000
Sub total	510,000	380,000
Amount utilised	(159,126)	(219,832)
Amount unused	350,874	160,168

Security held by National Australia Bank in relation to the overdraft and flexible rate loan facilities are:

Registered Mortgage over property situated at Cabarita Beach Bowls & Sports, 3 Jacaranda Avenue, Bogangar NSW more particularly described in Certificate of Title Folio Identifier 174/250211;

Registered Mortgage over property situated at Cabarita Beach Bowls & Sports, 3 Jacaranda Avenue, Bogangar NSW more particularly described in Certificate of Title Folio Identifier 18/574325;

Registered Mortgage over property situated at Cabarita Beach Bowls & Sports, 3 Jacaranda Avenue, Bogangar NSW more particularly described in Certificate of Title Folio Identifier 16/561137;

Fixed and Floating Charge over all of the present and future rights, property and undertaking of Cabarita Beach Bowls & Sports Club Ltd ACN. 000 998 863.

Security held by National Australia Bank in relation to the equipment loan per note 11, which falls under asset finance-leasing facility, is secured by the underlying assets for which the individual equipment loan was granted.

Note 16 Financial Risk Management

The company's financial instruments consist mainly of bank and cash, accounts receivable & payables, term deposits, borrowings and lease liabilities.

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	2012 $	2011 $
Financial Assets			
Cash and cash equivalents	4	462,066	277,769
Accounts receivable and other debtors	5	7,810	14,169
Total Financial Assets		469,876	291,938
Financial Liabilities			
Financial liabilities at amortised cost			
— Accounts payable and other payables	10(a)	263,536	208,794
— Borrowings	11	167,734	250,585
Total Financial Liabilities		431,270	459,379

Financial Risk Management Policies

The Boards overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board. These include future cash flow requirements.

Specific Financial Risk Exposures and Management

Financial liabilities have been reduced to a level where the Board feels that fluctuations in interest rates will not have any significant impact on the financial performance of the company.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Financial liabilities due for payment	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Accounts payable and other payables (excluding deferred income)	263,536	208,794	-	-	-	-	263,536	208,794
Borrowings								
Finance lease liabilities	18,730	34,412	4,171	22,901	-	-	22,901	57,313
Hire purchase liabilities	3,272	-	-	3,272	-	-	3,272	3,272
Bank loan/s	70,000	-	-	190,000			70,000	190,000
Equipment loan	27,221	-	44,340	-	-	-	71,561	-
	119,223	34,412	48,511	216,173	-	-	167,734	250,585
Total expected outflows	382,759	243,206	48,511	216,173	-	-	431,270	459,379

Financial Assets - cash flows realisable								
Cash and cash equivalents	462,066	277,769	-	-	-	-	462,066	277,769
Accounts receivable and other debtors	7,810	14,169	-	-	-	-	7,810	14,169
Total expected inflows	469,876	291,938	-	-	-	-	469,876	291,938
Net (outflow) / inflow on financial instruments	87,117	48,732	(48,511)	(216,173)	-	-	38,606	(167,441)

Sensitivity analysis

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

These sensitivities assume that the movement in a particular variable is independent of other variables.

Year ended 30 June 2012	**Profit $**
+/- 1% in interest rates	1,190

Year ended 30 June 2011	**Profit $**
+/- 1% in interest rates	1,900

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

Fair value estimation

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

		2012		**2011**	
	Footnote	**Carrying Value $**	**Fair Value $**	**Carrying Value $**	**Fair Value $**
Financial assets					
Cash and cash equivalents	(I)	462,066	462,066	277,769	277,769
Accounts receivable and other debtors	(i)	7,810	7,810	14,169	14,169
Total financial assets		469,876	469,876	291,938	291,938
Financial liabilities					
Accounts payable and other payables	(i)	263,536	263,536	208,794	208,794
Borrowings	(iv)	167,734	167,734	250,585	250,585
Total financial liabilities		431,270	431,270	459,379	459,379

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

Cash and cash equivalents, accounts receivable and other debtors, term deposits and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts relating to the provision of annual leave which is outside the scope of AASB 139.

Note 17 Capital Management

Risk management policies are approved and reviewed by the Board on a regular basis. These include future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

There have been no changes to the strategy adopted by management to manage the capital of the entity since the previous year.

Note 18 Reserves

(a) Revaluation Surplus
The revaluation surplus records the revaluations of non-current assets.

Note 19 Entity Details

The registered office of the entity is:

Cabarita Beach Bowls & Sports Club Limited Trading as Cabarita Beach Sports Club
Cabarita Road
Bogangar NSW 2488

The principal places of business is:

Cabarita Beach Bowls & Sports Club Limited Trading as Cabarita Beach Sports Club
Cabarita Road
Bogangar NSW 2488

Note 20 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $1 each towards meeting any outstandings and obligations of the entity. At 30 June 2012 the number of members was 4277.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED TRADING AS CABARITA BEACH SPORTS CLUB
ABN: 70 000 998 863

In accordance with a resolution of the directors of Cabarita Beach Bowls & Sports Club Limited Trading as Cabarita Beach Sports Club, the directors declare that:

1. The financial statements and notes, as set out on pages 5 to 25, 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 30 June 2012 and of the 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.

Director

Ian Crabb

Dated this 25th day of September 2012

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED TRADING AS CABARITA BEACH SPORTS CLUB
ABN: 70 000 998 863
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CABARITA BEACH BOWLS & SPORTS CLUB LIMITED TRADING AS CABARITA BEACH SPORTS CLUB

Report on the Financial Report

We have audited the accompanying financial report of Cabarita Beach Bowls & Sports Club Limited Trading as Cabarita Beach Sports Club, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and 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.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair value 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Cabarita Beach Bowls & Sports Club Limited Trading as Cabarita Beach Sports Club on 24 September 2012, would be in the same terms if provided to the directors as at the date of this auditor's report.

Opinion

In our opinion, the financial report of Cabarita Beach Bowls & Sports Club Limited Trading as Cabarita Beach Sports Club is in accordance with Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Other matters

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Cabarita Beach Bowls & Sports Club Limited Trading as Cabarita Beach Sports Club for the year ended 30 June 2012 included on Cabarita Beach Sports Club website. The Club's directors are responsible for the integrity of Cabarita Beach Sports Club website. We have not been engaged to report on the integrity of the Cabarita Beach Sports Club website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Watson and Fenton Chartered Accountants

Name of Firm	Watson and Fenton Chartered Accountants			
Auditor's signature:	Barry Dunnett			
Address:	Suite 218 Level 2 Showcase on the Beach 72-80 Marina Parade Coolangatta QLD 4225			
Dated this	26th	day of	September	2012