

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED

ABN: 70 000 998 863

**Financial Report For The Year Ended
30 June 2016**

Cabarita Beach Bowls & Sports Club Limited

ABN: 70 000 998 863

Financial Report For The Year Ended 30 June 2016

CONTENTS	Page
Directors' Report	1
Auditor's Independence Declaration	4
Statement of Profit or Loss	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	20
Independent Auditor's Report	21

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2016.

Directors

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

Ian Crabb
Alex Barbacetto
Greg Dryden appointed (26/04/2016)
Greg Goode
Susan Harriman
James Rannie
Lyndell Wickbold
Neal Ambrose resigned (29/03/2016)
Jack McArdle resigned (26/04/2016)

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 company 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.
- Closely monitor any bank loans
- Monitor the environment of the club to ensure that we are providing an inviting and safe place for our members, visitors and staff
- Encourage and support sub-club activities
- Create a welcoming and friendly atmosphere for our members, visitors and staff
- Financially support local sporting groups and encourage them to make use of our club facilities
- Monitor and advertise the distribution of ClubGRANTS funds to local organisations
- Work co-operatively with the Men's and Women's Bowling Clubs to support our Bowls Co-ordinator especially with regards to Sponsorship and Visit-ins
- Identify projects from the major expenditure plan that need immediate attention.

The company's long-term objectives are to:

- Continually review our facilities with regard to improving the outdoor & indoor ambience of the Club for our members, visitors and staff.
- Develop a strategic 5-10 year plan that will ensure the continued development of Cabarita Beach Bowls & Sports Club.

Strategies

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

- monthly review of financial accounts
- monthly reports to the Board on Workplace Health & Safety issues. Reports actioned if necessary.
- continue to establish and improve communication with other community organisations.
- support and encourage the professional development of staff to create a friendly and welcoming environment within the Club.
- General Manager and Finance Committee develop an annual budget for Board approval.
- encourage local charities to make application for ClubGRANTS funds.
- communicate with sub-clubs and acknowledge their activities.
- regularly monitor the Club's utilities use.
- enact projects from the major expenditure plan.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED

ABN: 70 000 998 863

DIRECTORS' REPORT

Key Performance Measures

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

- having a satisfactory operating profit.
- WHS reports completed and acted on.
- ClubGRANTS allocations advertised to community.
- community groups regularly accessing our facilities.
- Sub-clubs satisfied with their sponsorship.
- steps taken to address savings in water and electricity use.
- good reports on staff and club performance.
- identified projects completed.

Information on Directors

Ian Crabb	—	Chairman
Qualifications	—	Member of the Board since 30/09/2008
Special Responsibilities	—	Finance Committee, Poker Machines, Special Events, Strategic Planning & Development
Alex Barbacetto	—	Deputy Chairman since 29 March 2016
Qualifications	—	Member of the Board since 30/9/2014
Special Responsibilities	—	Finance Committee, Strategic Planning & Development
Greg Dryden	—	Director
Qualifications	—	Member of the Board since 26/4/2016
Special Responsibilities	—	Greens, Poker Machines
Greg Goode	—	Director
Qualifications	—	Member of the Board since 7/11/2011
Special Responsibilities	—	Finance Committee, Poker Machines
Susan Harriman	—	Director
Qualifications	—	Member of the Board since 30/9/2014
Special Responsibilities	—	Strategic Planning & Development
James Rannie	—	Director
Qualifications	—	Member of the Board since 11/11/2013
Special Responsibilities	—	Work Health & Safety
Lyndell Wickbold	—	Director
Qualifications	—	Member of the Board since 30/7/2013
Special Responsibilities	—	Raffles, Finance Committee, Sub-Club Liaison
Neal Ambrose	—	Deputy Chairman
Qualifications	—	Member of the Board since 7/11/2011 (resigned 29/3/2016)
Special Responsibilities	—	Maintenance & Development Director, Strategic Planning & Development
Jack McArdle	—	Director
Qualifications	—	Member of the Board since 27/01/2009 (resigned 26/4/2016)
Special Responsibilities	—	Poker Machines, Greens Director

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
DIRECTORS' REPORT

Meetings of Directors

During the financial year, 15 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Ian Crabb	16	15
Alex Barbacetto	16	13
Greg Dryden	3	3
Greg Goode	16	15
Susan Harriman	16	13
James Rannie	16	15
Lyndell Wickbold	16	13
Neal Ambrose	12	11
Jack McArdle	14	12

The company 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 \$1 each towards meeting any outstanding obligations of the company. At 30 June 2016, the total amount that members of the company are liable to contribute if the company is wound up is \$3,670 (2015: \$3,784).

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 2016 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.



Director

Ian Crabb

Dated this 27th day of September 2016

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
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 2016 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.

Watson and Fenton Chartered Accountants

Name of Firm Watson & Fenton Chartered Accountants

B. Dunnett

Name of Partner Barry Dunnett

Date 26/09/2016

Address 39 Wharf Street

Tweed Heads NSW 2485

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Revenue	2	4,246,821	4,113,213
Other income	2	9,375	386
Employee benefits expense	3(a)	(1,217,848)	(1,249,164)
Depreciation and amortisation expense	3(a)	(237,938)	(284,538)
Interest expense	3(a)	(1,520)	(2,753)
Cost of sales	3(a)	(1,056,172)	(1,092,319)
Other expenses	3(b)	(1,486,526)	(1,374,866)
Profit/(loss) before income tax		<u>256,192</u>	<u>109,959</u>
Tax expense	1(h)	-	-
Profit/(loss) for the year		<u><u>256,192</u></u>	<u><u>109,959</u></u>

The accompanying notes form part of these financial statements.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
Profit/(loss) for the year	256,192	109,959
Other comprehensive income		
Losses on revaluation of land and buildings	-	(46,679)
Total comprehensive income attributable to the entity	<u>256,192</u>	<u>63,280</u>

The accompanying notes form part of these financial statements.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	631,341	496,002
Trade and other receivables		8,757	6,935
Inventories		126,714	110,969
Prepayments		25,285	10,836
Total current assets		<u>792,097</u>	<u>624,742</u>
Non-current Assets			
Property, plant and equipment	5	3,192,818	2,955,677
Intangibles	6	104,417	104,417
Total non-current assets		<u>3,297,235</u>	<u>3,060,094</u>
TOTAL ASSETS		<u>4,089,332</u>	<u>3,684,836</u>
LIABILITIES			
Current liabilities			
Trade and other payables	7	292,251	268,388
Borrowings	8	128,258	3,953
Provisions	9	110,094	102,012
Total current liabilities		<u>530,603</u>	<u>374,353</u>
Non-current liabilities			
Borrowings	8	3,804	24,576
Provisions	9	26,697	17,394
Total non-current liabilities		<u>30,501</u>	<u>41,970</u>
TOTAL LIABILITIES		<u>561,104</u>	<u>416,323</u>
NET ASSETS		<u>3,528,228</u>	<u>3,268,513</u>
EQUITY			
Retained earnings		3,524,706	3,268,513
Revaluation reserves		3,522	-
TOTAL EQUITY		<u>3,528,228</u>	<u>3,268,513</u>

The accompanying notes form part of these financial statements.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Retained Earnings \$	Revaluation Reserve \$	Total \$
Balance at 1 July 2014	3,205,234	2,206,963	5,412,197
Comprehensive Income			
Profit/(loss) for the year	109,959		109,959
Other comprehensive income for the year			
Losses on revaluation of land and buildings	(46,679)	(2,206,963)	(2,253,642)
Total comprehensive income attributable to the entity	63,280	(2,206,963)	(2,143,683)
Balance at 30 June 2015	3,268,514	-	3,268,514
Balance at 1 July 2015	3,268,514		3,268,514
Comprehensive Income			
Profit/(loss) for the year	256,192		256,192
Other comprehensive income for the year			
Asset Revaluation Reserve		3,522	3,522
Total comprehensive income attributable to the entity	256,192	3,522	259,714
Balance at 30 June 2016	3,524,706	3,522	3,528,228

The accompanying notes form part of these financial statements.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, tenants and patrons		4,656,239	4,517,219
Payments to suppliers, employees and ATO		(4,167,534)	(4,128,771)
Interest received		5,242	-
Interest paid		(1,520)	-
Net cash generated from operating activities		<u>492,427</u>	<u>388,448</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,727	386
Payment for property, plant and equipment	12(b)	(215,021)	(297,476)
Net cash from/(used in) investing activities		<u>(212,294)</u>	<u>(297,090)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Repayment of borrowings - lease & hp arrangements		(54,953)	(31,762)
Repayment of borrowings - instalment arrangements		(89,841)	-
Net cash generated/(used in) financing activities		<u>(144,794)</u>	<u>(31,762)</u>
Net increase in cash held		135,339	59,596
Cash on hand at beginning of the financial year		496,002	436,406
Cash on hand at end of the financial year	4	<u><u>631,341</u></u>	<u><u>496,002</u></u>

The accompanying notes form part of these financial statements.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

Cabarita Beach Bowls & Sports Club Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

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. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements were authorised for issue on 27 September 2016 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 and bottleshop 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.

Revenue from members subscriptions is aligned with the period the members utilise the facilities provided and paid for. 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 mat 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 from the use of club facilities is recognised in accordance with negotiated lease agreements. 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.

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

Donations and bequests are recognised as revenue when received.

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

(b) Property, Plant and Equipment

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

Freehold Property

The valuation 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. This has been used.

Key variables include replacement cost per square metre and the building's total estimated useful life which are reviewed annually.

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.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. 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 valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings	1.4 - 1.7%
Plant and equipment	15 - 20%
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 recognised in profit or loss in the period in which they arise.

(c) 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 recognised immediately as expenses in profit or loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

(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.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 have 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.

(d) 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 of disposal 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.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(e) Employee Benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The Company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, in which case the obligations are presented as current liabilities.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (9.5%) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

(f) 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.

(g) 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.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(h) Income Tax

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

(i) Intangibles

Poker Machine Entitlements

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

(j) 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.

(k) Comparative Figures

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

(l) Trade and Other Payables

Trade 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.

(m) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements 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 freehold land and buildings

Attention is drawn to note 5

The directors' valuation of land is based on "notices of valuation" issued by the NSW Valuer General on 13 October 2014. The Board does not believe that values in the area have changed significantly since.

The valuation of buildings is based on the depreciated replacement cost approach. The depreciated cost reflects the remaining service potential of the buildings and takes into account the age of the buildings.

Long Service Leave Entitlement

Assessments are made on the probability of staff taking long service leave. This took into account history with the Club itself and characterisation of the Club industry. Staff with four years service were assessed at 49%, seven years at 75%, 9 years and beyond that at 100%.

(n) Economic Dependence

Cabarita Beach Bowls & Sports Club Limited is dependent on the members and patrons 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 and patrons will not continue to support Cabarita Beach Bowls & Sports Club Limited.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 2 Revenue and Other Income

	2016	2015
	\$	\$
Revenue		
Revenue from government grants and operating activities		
— Government subsidy	17,180	17,180
— Gaming	1,951,588	1,778,086
— Bar sales	1,254,451	1,268,564
— Bottleshop sales	608,418	648,014
— Commission	141,188	134,468
— Functions, promotional rebates, mat fees etc	125,223	124,897
— Club raffles	69,118	65,365
— Member subscriptions	31,062	28,482
— Coffee shop sales	25,037	27,239
— Bowls shop sales	1,042	-
	<u>4,224,307</u>	<u>4,092,295</u>
Other revenue		
— Rent received	17,272	16,328
— Interest received	5,242	4,590
	<u>22,514</u>	<u>20,918</u>
Total revenue	<u>4,246,821</u>	<u>4,113,213</u>
Other income		
— Net profit on disposal of property, plant and equipment (including items received at fair value)	9,375	386
Total other income	<u>9,375</u>	<u>386</u>
Total revenue and other income	<u>4,256,196</u>	<u>4,113,599</u>

Note 3 Expenses

	Note	2016	2015
		\$	\$
(a) Expenses			
Employee benefits expense:			
— Employee benefits expense including contributions to defined contribution superannuation funds		1,217,848	1,249,164
— Employee on-costs expenses	3(b)	51,743	45,362
Total employee benefits expense		<u>1,269,591</u>	<u>1,294,526</u>
Depreciation and amortisation:			
— Buildings		53,387	126,996
— Plant and equipment		184,551	123,823
— Capitalised leased assets		-	33,719
Total depreciation and amortisation		<u>237,938</u>	<u>284,538</u>
Finance costs:			
— Interest expense on financial liabilities		1,520	2,753
Directors expenses		516	1,368
Directors honorariums		13,250	6,833
	3(b)	<u>13,766</u>	<u>8,201</u>
Cost of sales			
— Bar		529,271	530,168
— Bottleshop		506,155	539,063
— Coffee shop		20,825	23,088
— Bowls shop		(79)	-
		<u>1,056,172</u>	<u>1,092,319</u>

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(b) Other

	Note		
— Poker machine expenses		346,016	299,717
— Entertainment		161,170	121,040
— Repairs and maintenance		148,273	117,114
— Members expenses		129,453	112,664
— Electricity		86,435	106,242
— Club raffles		81,633	76,076
— Insurance		71,750	67,221
— Advertising		60,521	57,478
— Cleaning		56,086	63,701
— Employee on-costs expenses	3(a)	51,743	45,362
— Donations & CDSE		39,690	37,256
— Directors' honorariums and expenses	3(a)	13,766	8,201
— Security		3,900	5,117
— Net loss on disposal of property, plant and equipment		-	36,065
— Other operating expenses		236,090	221,612
		<u>1,486,526</u>	<u>1,374,866</u>

Note 4 Cash and Cash Equivalents

	2016	2015
	\$	\$
CURRENT		
Cash float	147,899	152,881
Cheque account	136,963	10,892
Cash Maximiser account	346,479	332,229
Total cash and cash equivalents as stated in the statement of financial position	<u>631,341</u>	<u>496,002</u>
Total cash and cash equivalents as stated in the statement of cash flows	<u>631,341</u>	<u>496,002</u>

Note 5 Property, Plant and Equipment

	2016	2015
	\$	\$
LAND AND BUILDINGS		
Freehold land:		
— Directors valuation in 2016	819,700	-
— Directors valuation in 2015	-	819,700
Total land	<u>819,700</u>	<u>819,700</u>
Buildings:		
— Independent valuation in 2016	1,640,158	-
— Directors valuation in 2015	-	1,576,161
Total buildings	<u>1,640,158</u>	<u>1,576,161</u>
Total land and buildings	<u>2,459,858</u>	<u>2,395,861</u>
PLANT AND EQUIPMENT		
Plant and equipment:		
— At cost	2,258,991	2,087,792
— Less accumulated depreciation	<u>(1,534,969)</u>	<u>(1,634,042)</u>
	<u>724,022</u>	<u>453,750</u>
Leased Assets		
— At cost	-	207,038
— Accumulated depreciation	-	<u>(101,893)</u>
	<u>-</u>	<u>105,145</u>

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Capital works in progress	8,938	921
Total plant & equipment and CWIP	732,960	559,816
Total property, plant & equipment and CWIP	3,192,818	2,955,677

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 assets	Capital Works in Progress	Total
	Note	\$	\$	\$	\$	\$	\$
2016							
Balance at the beginning of the year		819,700	1,576,161	453,750	105,145	921	2,955,677
Additions at cost	13(b)	-	114,839	342,318	-	8,018	465,175
Additions at fair value		-	-	9,258	-	-	9,258
Transfer between categories		-	-	105,145	(105,145)	-	-
Disposals		-	(977)	(1,898)	-	(1)	(2,876)
Revaluation adjustment	14	-	3,522	-	-	-	3,522
Depreciation expense		-	(53,387)	(184,551)	-	-	(237,938)
Carrying amount at the end of the year		819,700	1,640,158	724,022	-	8,938	3,192,818

Asset revaluations

The directors' valuation of land at is based on "notices of valuation" issued by the NSW Valuer General on 13 October 2014. The Board does not believe that values in the area have changed significantly since.

Heron Todd White prepared a gross replacement cost estimate of the buildings on 25 May 2016.

Under guidance from the valuers, Management assigned depreciation thereto and the depreciated replacement cost of the building at 30 June 2016 was determined. The directors adopted this valuation.

Note 6 Intangible Assets

	2016	2015
	\$	\$
Poker machine entitlements - at cost	104,417	104,417
Net carrying amount	104,417	104,417

Note 7 Trade and Other Payables

		2016	2015
	Note	\$	\$
CURRENT			
Trade payables		117,512	118,831
Deferred income		16,327	18,105
Accrued expenses		60,714	50,621
GST payable		58,392	48,518
Sundry creditors		37,684	29,596
Payroll liabilities		1,622	2,717
	7(a)	292,251	268,388

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
(a) Financial liabilities at amortised cost classified as accounts payable and other payables			
Accounts payable and other payables:			
— Total current		292,251	268,388
		<u>292,251</u>	<u>268,388</u>
Less deferred income		(16,327)	(18,105)
Financial liabilities as accounts payable and other payables	13	<u>275,924</u>	<u>250,283</u>

Note 8 Borrowings

		2016 \$	2015 \$
CURRENT			
Instalment arrangement		126,990	3,953
HP Photo copier		1,268	-
		<u>128,258</u>	<u>3,953</u>
NON-CURRENT			
Instalment arrangement		-	24,575
HP - Photo Copier		3,804	-
		<u>3,804</u>	<u>24,575</u>
TOTAL	13	<u>132,062</u>	<u>28,528</u>

Lease liabilities are secured by the underlying leased assets.

(a) **Instalment arrangements**

Aristocrat Technologies Australia Pty Ltd has granted the company a one year, interest free, instalment arrangement to acquire poker machines. The arrangement is unsecured.

Note 9 Provisions

		2016 \$	2015 \$
CURRENT			
Provision for employee benefits: annual leave		59,560	62,266
Provision for employee benefits: long service leave		50,534	39,746
		<u>110,094</u>	<u>102,012</u>
NON-CURRENT			
Provision for employee benefits: long service leave		26,697	17,394
		<u>26,697</u>	<u>17,394</u>
		<u>136,791</u>	<u>119,406</u>

Analysis of total provisions:

Opening balance at 1 July 2015	Employee Benefits 119,406
Additional provisions raised during the year	103,312
Amounts used	<u>(85,927)</u>
Balance at 30 June 2016	<u>136,791</u>

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Employee Provisions

Employee provisions represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this 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.

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 upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1 (e).

Note 10 Events After the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

Note 11 Key Management Personnel Compensation

a. Key Management Personnel

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

The totals of remuneration paid to KMP of the company during the year are as follows:

	2016	2015
	\$	\$
KMP compensation:	118,188	114,543
	118,188	114,543

Note 12 Cash Flow Information

	2016	2015
	\$	\$
(a) Reconciliation of Cash Flows from Operating Activities with Net Current year Surplus/(Deficit)		
Total profit/(loss) for the year	256,192	63,280
Non-cash flows:		
Depreciation and amortisation expense	237,938	284,538
Gain on disposal of property, plant and equipment	(9,375)	(386)
Loss on sale of fixed assets	-	36,065
Loss on revaluation	-	46,679
Other	(1,502)	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(3,600)	2,376
Increase/(decrease) in trade and other payables	25,640	(41,402)
(Increase)/decrease in other liabilities	-	55
Increase/(decrease) in employee provisions	17,385	2,095
(Increase)/decrease in inventories	(15,745)	(3,816)
(Increase)/decrease in prepayments	(14,506)	(1,036)
	492,427	388,448
	492,427	388,448

(b) Property Plant and Equipment

Note

Additions to property, plant and equipment per note 5 were paid by:

Cash		215,021
Borrowings - through instalment arrangements		250,154
	5	465,175
		465,175

- Cash payments for property, plant and equipment are disclosed in 'cashflow from investing activities' in the cashflow statement.
- The repayment of these instalment arrangements is disclosed in 'cashflow from/(used in) finance activities in the cashflow statement.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 13 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, receivables and payables.

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:

	Note	2016 \$	2015 \$
Financial assets			
Cash and cash equivalents	4	631,341	496,002
Trade and other receivables		8,757	6,935
Total financial assets		<u>640,098</u>	<u>502,937</u>
Financial liabilities			
Financial liabilities at amortised cost:			
— trade and other payables	7(a)	275,924	250,283
— borrowings	8	132,062	28,528
Total financial liabilities		<u>407,986</u>	<u>278,811</u>

Note 14 Reserves

(a) Revaluation Surplus

The revaluation surplus records the revaluations of non-current assets.

(b) Analysis of Revaluation Reserve

		2016 \$	2015 \$
Opening balance at 1 July 2015		-	2,206,963
Gains (losses) on revaluation of land		-	(380,300)
Gains (losses) on revaluation of buildings	5	3,522	(1,826,663)
Balance at 30 June 2016		<u>3,522</u>	<u>-</u>

Note 15 Entity Details

The registered office of the entity is:

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

The principal place of business is:

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

Note 16 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$1 towards meeting any outstanding obligations of the entity. At 30 June 2016 the number of members was 3,670.

CABARITA BEACH BOWLS & SPORTS CLUB LIMITED
ABN: 70 000 998 863
DIRECTORS' DECLARATION

The directors have determined that the company is a reporting entity that does not have public accountability as defined in AASB 1053: Application of Tiers of Australian Accounting Standards and that these general purpose financial statements should be prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

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

1. The financial statements and notes, as set out on pages 5 to 19, 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 30 June 2016 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Director

Ian Crabb

Dated this 27th day of September 2016

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

Report on the Financial Report

We have audited the accompanying financial report of Cabarita Beach Bowls & Sports Club Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other 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 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.

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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the registered entity'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, which has been given to the directors of Cabarita Beach Bowls & Sports Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

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

- (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its financial performance and cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 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 Ltd for the year ended 30 June 2016 included on Cabarita Beach Bowls & Sports Club Ltd's website. The Club's directors are responsible for the integrity of Cabarita Beach Bowls & Sports Club Ltd's website. We have not been engaged to report on the integrity of the Cabarita Beach Bowls & Sports Club Ltd's 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

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

Auditor's signature: Barry Dunnett

Address: 39 Wharf St
Tweed Heads NSW 2485

Dated this 28th day of September 2016