

North Haven Bowling & Recreation Club Limited
Trading as Club North Haven

ABN 20 001 045 969



Financial Statements

For the Year Ended 31 May 2017

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 May 2017

CONTENTS

	<u>Page</u>
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	7
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENT	12
DIRECTORS' DECLARATION	29
INDEPENDENT AUDITOR'S REPORT	30

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

DIRECTORS' REPORT

31 May 2017

Your directors present their report on the Club for the financial year ended 31 May 2017.

Directors

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

Gary William McLOUGHLIN

Colin PALMER

Brian Leslie JOHNSTON

Gregory Allan CLARKE

Betty Patricia BOOTH

Kevin NIEASS

Ken JOHNSTON

(Deceased 16/07/2017)

Carole GRAHAM

Terence KING

(Appointed 28/08/2016, resigned 27/06/2017)

Ann YOUNG

(Resigned 28/08/2016)

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

Short-Term Objectives

The short-term objectives of the Company are to:

- Provide a safe environment for members and their visitors to meet;
- Continue to provide support for community based entities and to provide a place for such entities to meet;
- Derive income to support local sporting groups and charitable organisations;
- Continue to promote and improve member facilities;
- Provide entertainment, food and beverages for the community at reasonable prices.

Long-Term Objectives

The long-term objectives of the Company are to:

- Increase the membership base of the Club;
- Renovate and update Clubhouse facilities;
- Further improve the bowling greens and amenities for our numerous sub-clubs;
- Continue to be the hub of the community that brings the town together.

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

DIRECTORS' REPORT

31 May 2017

Strategies

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

- Engage and retain suitably qualified and experienced employees to maintain Club facilities and provide the best possible service;
- Providing entertainment to attract patronage to the Club;
- Provide a courtesy bus to bring members and visitors to and from the Club;
- Offering high-quality, low-priced meals and reasonably priced beverages;
- Running promotions throughout the year for the benefit of members and their guests;
- Annual development of a financial budget and monthly monitoring of financial performance to ensure the Club operates within its financial capabilities;

Principal Activities

The principal activity of the Company during the financial year was the conduct of a Licensed Bowling Club. No significant change in the nature of this principal activity occurred during the financial year.

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

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

Key Performance Measures

The Company measures and monitors performance by comparing actual monthly results to budgets and past performance. The Company reviews key performance indicators such as membership numbers, gross profit margins and trading results of key income areas such as bar and poker machine.

Members' Guarantee

North Haven Bowling & Recreation Club Limited is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$2 towards meeting any outstanding obligations of the Company. At 31 May 2017 there were 4,798 members with a collective liability of \$9,596.

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

DIRECTORS' REPORT

31 May 2017

Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under section 307c of the *Corporations Act 2001* has been received and is included in this financial report.

Core and Non-Core Property

Core property is defined as any real property owned by the Club that comprises the defined premises of the Club or any facility provided by the Club for the use of its members and their guests. Core property of the Club consists of the land occupied by the Clubhouse, bowling greens and carpark at 1 Woodford Road, North Haven NSW.

Non core property of the Club means any real property owned by the Club that is not core property. Non core property consists of 9 The Parade, North Haven NSW.

Meetings of Directors

During the financial year, 12 monthly and 2 special meetings of Director were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gary William McLOUGHLIN	14	12
Colin PALMER	14	12
Brian Leslie JOHNSTON	14	13
Gregory Allan CLARKE	14	13
Betty Patricia BOOTH	14	13
Kevin NIEASS	14	14
Ken JOHNSTON	14	6
Carole GRAHAM	14	9
Terence KING	10	8
Ann YOUNG	4	4

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

DIRECTORS' REPORT

31 May 2017

Information on Current Directors

Gary William McLOUGHLIN

Experience Director of North Haven Bowling & Recreation Club for 17 years
Chairman for 11 years, Treasurer for 1 year

Special Responsibilities Chairman
Finance Committee
Restaurant
Committee Building
Committee Intra
Club Committee

Colin PALMER

Experience Director of North Haven Bowling & Recreation Club for 5 years
Deputy Chairman for 4 years

Special Responsibilities Deputy Chairman
Finance
Committee OHS
Committee

Brian Leslie JOHNSTON

Experience Director of North Haven Bowling & Recreation Club for 7 years
Treasurer of North Haven Bowling & Recreation Club for 6 years
Treasurer of North Haven Men's Bowling Club for 4 years

Special Responsibilities Treasurer
Finance
Committee
Greens
Committee

Gregory Allan CLARKE

Experience Director of North Haven Bowling & Recreation Club for 11 years

Special Responsibilities OHS Committee House Committee

Betty Patricia BOOTH

Experience Director of North Haven Bowling & Recreation Club for 11 years
North Haven Ladies Bowling Club Vice President for 1 year
Publicity Officer for 5 years

Special Responsibilities Social Committee
Intra Club
Committee

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

DIRECTORS' REPORT

31 May 2017

Information on Current Directors

Kevin NIEASS

Experience

Director of North Haven Bowling & Recreation Club for 4 years North Haven Men's Bowling Club Treasurer for 9 years

Special Responsibilities

House and Building Committee

Ken JOHNSTON

Experience

Director of North Haven Bowling & Recreation Club 3 years

Special Responsibilities

House and Building Committee
Greens Committee

Carole GRAHAM

Experience

Director of North Haven Bowling & Recreation Club 6 years

Special Responsibilities

Social Committee
Intra Club Committee

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

Director:


Gary William McLOUGHLIN

Dated: 17 July 2017



NorthCorp
accountants

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

AUDITOR'S INDEPENDENCE DECLARATION

Under Section 307C of the Corporation Act 2001

To the Directors of North Haven Bowling & Recreation Club Limited

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

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

NorthCorp Accountants


Rodney Smith
Partner

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

Date: 17 July 2017

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 May 2017

	Note	2017 \$	2016 \$
Revenue	2	5,581,342	5,809,798
Other income	2	597,733	70,700
		<u>6,179,075</u>	<u>5,880,498</u>
Changes in inventories	3	10,083	17,817
Inventories purchased	3	(1,182,976)	(1,250,862)
Bowls and competition expenses		(341,249)	(331,196)
Catering		(28,110)	(24,132)
Depreciation and amortisation expense	3	(541,005)	(669,822)
Electricity and gas		(113,583)	(124,046)
Employee benefits expense		(1,713,212)	(1,638,675)
Entertainment		(214,286)	(242,873)
Finance costs	3	(17,436)	(20,763)
Insurance		(77,561)	(74,185)
Land tax		(8,135)	(16,186)
Motel contract management		(107,632)	(156,988)
Payroll tax		(53,322)	(46,499)
Poker machine tax		(304,752)	(298,295)
Repairs and maintenance		(446,528)	(440,201)
Other expenses		(480,113)	(458,719)
		<u>(5,619,817)</u>	<u>(5,775,625)</u>
Profit/(loss) before income tax		559,258	104,873
Income tax expense		-	-
Profit/(loss) for the year		<u>559,258</u>	<u>104,873</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>559,258</u>	<u>104,873</u>
Profit/(loss) attributable to members of the entity		<u>559,258</u>	<u>104,873</u>
Total comprehensive income attributable to members of the entity		<u>559,258</u>	<u>104,873</u>

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

STATEMENT OF FINANCIAL POSITION

As at 31 May 2017

	Note	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,049,447	622,967
Trade and other receivables	5	7,706	9,579
Inventories	6	80,465	71,865
Other assets	7	60,445	82,551
Total current assets		1,198,063	786,962
Non-current assets			
Property, plant and equipment	8	2,390,947	3,278,759
Investment property	9	1,163,146	-
Intangible assets	10	351,398	221,767
Total non-current assets		3,905,491	3,500,526
TOTAL ASSETS		5,103,554	4,287,488
LIABILITIES			
Current liabilities			
Trade and other payables	11	649,762	422,036
Borrowings	12	7,880	9,468
Short term provisions	13	211,807	192,685
Other current liabilities	14	27,007	19,481
Total current liabilities		896,456	643,670
Non-current liabilities			
Long term provisions	13	47,292	43,270
Total non-current liabilities		47,292	43,270
TOTAL LIABILITIES		943,748	686,940
NET ASSETS		4,159,806	3,600,548
EQUITY			
Retained earnings		4,159,806	3,600,548
TOTAL EQUITY		4,159,806	3,600,548

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 May 2017

2017

	Retained Earnings	Total
	\$	\$
Balance at 1 June 2016	3,600,548	3,600,548
Profit/(loss) attributable to members of the Company	559,258	559,258
Other comprehensive income	-	-
Total comprehensive income for the year	<u>559,258</u>	<u>559,258</u>
Balance at 31 May 2017	<u>4,159,806</u>	<u>4,159,806</u>

2016

	Retained Earnings	Total
	\$	\$
Balance at 1 June 2015	3,495,675	3,495,675
Profit/(loss) attributable to members of the Company	104,873	104,873
Other comprehensive income	-	-
Total comprehensive income for the year	<u>104,873</u>	<u>104,873</u>
Balance at 31 May 2016	<u>3,600,548</u>	<u>3,600,548</u>

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

STATEMENT OF CASH FLOWS

For the Year Ended 31 May 2017

	2017	2016
Note	\$	\$
Cash flows from operating activities		
Receipts from customers	6,618,981	6,821,852
Payments to suppliers and employees	(6,098,029)	(6,027,346)
Interest received	5,008	20
Finance costs	(17,436)	(20,763)
Net cash provided by (used in) operating activities	<u>508,524</u>	<u>773,763</u>
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	93,274	77,960
Proceeds from disposal of motel leasehold	550,128	-
Purchase of property, plant and equipment	(593,860)	(527,948)
Purchase of intangible assets	(130,000)	-
Net cash provided by (used in) investing activities	<u>(80,458)</u>	<u>(449,988)</u>
Cash flows from financing activities:		
Proceeds from borrowings	23,643	26,890
Repayment of borrowings	(25,229)	(221,878)
Net cash provided by (used in) financing activities	<u>(1,586)</u>	<u>(194,988)</u>
Net increase/(decrease) in cash held	426,480	128,787
Cash and cash equivalents at beginning of year	622,967	494,180
Cash and cash equivalents at end of financial year	4 <u>1,049,447</u>	<u>622,967</u>

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

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

Note 1 Summary of Significant Accounting

Policies Basis of preparation

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

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

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

The financial report was authorised for issue on 17 July 2017 by the Board of Directors.

(a) Income Tax

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

(b) Inventories

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

(c) Property, Plant and Equipment

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

Property

Freehold land and buildings are measured on the cost basis.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and 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 are recognised in the statement of comprehensive income. An assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 1 Summary of Significant Accounting Policies

(c) Property, Plant and Equipment

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings and improvements	5%
Plant and Equipment	5-33.3%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the statement of comprehensive income in the period in which they arise.

(d) Investment Property

Investment property, comprising a freehold motel property, is held to generate long-term rental yields. The lease is held on an arm's length basis. Investment property is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Investment property, excluding freehold land, is depreciated on a straight line basis over the life of the asset at a depreciation rate of 5.0%.

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 1 Summary of Significant Accounting Policies

(e) Financial Instruments

Initial Recognition and Measurement

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

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified at "fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

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

(i) *Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

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

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 1 Summary of Significant Accounting Policies

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

(v) Financial liabilities

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

Fair value

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

Impairment

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

(f) Impairment of Assets

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

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

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

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 1 Summary of Significant Accounting Policies

(g) Intangible Assets

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Poker Machine Licences

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

Other Intangibles

Other intangibles are recognised at cost of acquisition. Other intangibles are amortised over their useful life.

(h) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on- costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements.

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

(i) Provisions

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

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 1 Summary of Significant Accounting Policies

(j) 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 borrowings in current liabilities on the statement of financial position.

(k) Revenue

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

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

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

(l) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Club 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) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 1 Summary of Significant Accounting Policies

(o) Comparative Figures

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

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

(p) Critical Accounting Estimates and Judgments

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

Key estimates - Impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No other impairment has been recognised in respect of intangible assets for the year ended 31 May 2017, other than previous impairment on motel goodwill.

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 2 Revenue and Other Income

(a) Revenue

	Note	2017 \$	2016 \$
Sale of goods			
- Bar sales		1,521,988	1,532,784
- Restaurant sales		1,089,473	1,138,537
- Motel sales		2,532	4,696
- Bowls merchandise sales		2,773	3,453
		<u>2,616,766</u>	<u>2,679,470</u>
Other revenue:			
- Carnival		7,165	10,531
- Coin-operated machines		9,444	11,612
- Commissions received - Club Keno		78,517	75,641
- Commissions received - TAB		14,546	10,896
- Competition fees		245,700	251,946
- Entertainment		31,629	31,658
- Green fees and trophies		52,963	53,963
- Interest received - other persons		5,008	20
- Members subscriptions		43,759	45,218
- Motel accommodation		201,678	449,732
- Motel lease		53,521	-
- Poker machine clearances		2,128,450	2,094,613
- Sponsorship		28,311	27,082
- Sundry Revenue		63,885	67,416
		<u>5,581,342</u>	<u>5,809,798</u>
Total Revenue			
(b) Other income			
- Gain on sale of motel leasehold	3(b)	550,128	-
- Gain on disposal of property, plant and equipment		47,605	70,700
		<u>597,733</u>	<u>70,700</u>
Total Other Income			
Total Revenue and Other Income		<u>6,179,075</u>	<u>5,880,498</u>

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 3 Profit

(a) Expenses

	Note	2017 \$	2016 \$
Cost of goods sales			
Bar trading		634,548	629,870
Restaurant trading		532,309	595,485
Motel Trading		3,057	4,811
Bowls Trading		2,979	2,879
		<u>1,172,893</u>	<u>1,233,045</u>
Finance Costs			
Interest and bank fee expense		17,436	20,763
Depreciation			
Buildings and improvements		108,315	214,689
Plant and equipment		420,499	454,653
Investment property		11,822	-
		<u>540,636</u>	<u>669,342</u>
Amortisation			
Intangible assets		369	480

(b) Significant Revenue

The following revenue item is relevant in explaining the financial performance:

Gain on sale of motel leasehold			
Proceeds on disposal		550,128	-
Disposals at cost		-	-
Net gain on disposal as at 31 May 2017		<u>550,128</u>	<u>-</u>

(c) Sale of Leasehold - Haven Waters Motel

During the year ended 31 May 2017 the Company sold the leasehold, plant and equipment of the motel business, Haven Waters Motel for the net consideration of \$594,235. The \$594,235 consideration was apportioned as \$550,128 for the sale of the leasehold, including goodwill and \$44,107 for the sale of motel plant and equipment. The Company retains ownership of the land and building where the Haven Waters Motel operates from located at 9 The Parade, North Haven. The Company receives lease income on the land and buildings.

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 4 Cash and Cash Equivalents

	2017	2016
Note	\$	\$
Cash at bank and in hand	1,018,197	589,717
Cash at bank - restricted	4(a) 31,250	33,250
	<u>1,049,447</u>	<u>622,967</u>

Reconciliation of Cash

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

Cash and cash equivalents	<u>1,049,447</u>	<u>622,967</u>
---------------------------	------------------	----------------

(a) Superdraw funds held in trust on behalf of 6 member clubs. 11

Note 5 Trade and Other Receivables

Current		
Other receivables	<u>7,706</u>	<u>9,579</u>

Note 6 Inventories

Current		
Finished Goods - at Cost		
Finished goods - trading	<u>80,465</u>	<u>71,865</u>

Note 7 Other Assets

Current		
Prepayments	<u>60,445</u>	<u>82,551</u>

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 8 Property Plant and Equipment

	2017	2016
	\$	\$
Land and buildings		
Freehold land		
Freehold land at cost	<u>241,843</u>	1,241,843
Buildings and freehold improvements		
Buildings and freehold improvements at cost	5,232,503	5,270,217
	<u>(4,176,589)</u>	(4,374,217)
Total buildings and freehold improvements	<u>1,055,914</u>	896,000
Total land and buildings	<u>1,297,757</u>	2,137,843
Plant and equipment		
Plant and equipment at cost	3,987,721	4,067,087
Accumulated depreciation	<u>(2,894,531)</u>	(2,926,171)
Total plant and equipment	<u>1,093,190</u>	1,140,916
Total property, plant and equipment	<u>2,390,947</u>	3,278,759

(a) Movements in Carrying Amounts

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

	Freehold land	Buildings and freehold improvements	Plant and equipment	Total
	\$	\$	\$	\$
Balance at 1 June 2016	1,241,843	896,000	1,140,916	3,278,759
Additions at cost	-	451,978	409,665	861,643
Disposals	-	(8,781)	(36,892)	(45,673)
Transfers to investment property	(1,000,000)	(174,968)	-	(1,174,968)
Depreciation expense	-	(108,315)	(420,499)	(528,814)
Balance at 31 May 2017	<u>241,843</u>	<u>1,055,914</u>	<u>1,093,190</u>	<u>2,390,947</u>

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 9 Investment Properties

	2017	2016
	\$	\$
Investment property at cost	1,464,525	-
Less accumulated depreciation	(301,379)	-
	<u>1,163,146</u>	<u>-</u>
(a) Movement in Carrying Amount		
Balance at beginning of year	-	-
Additions	-	-
Disposals	-	-
Transfers from property, plant and equipment	1,174,968	-
Depreciation expense	(11,822)	-
	<u>1,163,146</u>	<u>-</u>

Note 10 Intangible Assets

Goodwill

Cost	-	325,454
Accumulated impairment losses	-	(325,454)
	<u>-</u>	<u>-</u>

Net carrying value

Computer and other software

Cost	29,282	29,282
Accumulated amortisation and impairment	(29,282)	(28,913)
	<u>-</u>	<u>369</u>

Net carrying value

Poker machine licences

Cost	351,398	221,398
Accumulated amortisation and impairment	-	-
	<u>351,398</u>	<u>221,398</u>

Net carrying amount

Total Intangibles

351,398 221,767

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 10 Intangible Assets

Poker machine licences

Poker machine licences have been determined to have an indefinite useful life as the Company has no intention to sell poker machine licences.

(a) Movements in carrying amounts of intangible assets

	Computer and other software \$	Poker Machine Entitlements \$	Total \$
Balance at 1 June 2016	369	221,398	221,767
Additions	-	130,000	130,000
Amortisation	(369)	-	(369)
Closing carrying amount at May 31 2017	-	351,398	351,398

Note 11 Trade and Other Payables

	Note	2017 \$	2016 \$
Current			
Unsecured liabilities			
Trade payables		554,457	288,626
Sundry payables and accrued expenses		64,055	100,160
Funds held in trust	4(a)	31,250	33,250
		649,762	422,036

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 12 Borrowings

	Note	2017 \$	2016 \$
Current			
Secured liabilities:			
Bank loans	(a)(b)	-	505
Other loans	(a)(b)	7,880	8,963
Total current borrowings		<u>7,880</u>	<u>9,468</u>
(a) Total current and non-current secured liabilities			
Business loan		-	505
Other loans		7,880	8,963
		<u>7,880</u>	<u>9,468</u>

(b) Collateral Provided

Business Loans

Business loans are drawn as primarily source of long term finance. The business loan was interest only and the term of the facility is 1 year from the date of funding. The interest rate on the business loan was variable.

The Company's banker, Commonwealth Bank of Australia, has a registered first mortgage over the freehold property situated at 1 Woodford Road North Haven, registered first mortgage over the Haven Waters Motel freehold property situated at 9 The Parade North Haven and a registered first equitable mortgage over the whole of the assets and undertakings of the Company including uncalled capital. The first equitable mortgage, which is also held over the Company's liquor licence, secures current and future borrowings of the Company.

Other Loans

Other loans are unsecured and comprise of finance contracts for the purchase of poker machines with terms of 1 year. The loans are interest free.

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 13 Provisions

	Employee benefits	Total
	\$	\$
Opening balance at 1 June 2016	235,955	235,955
Additional provisions	112,339	112,339
Utilised during the period	(89,195)	(89,195)
At 31 May 2017	<u>259,099</u>	<u>259,099</u>

Analysis of Total Provisions

	2017	2016
	\$	\$
Current	211,807	192,685
Non-current	47,292	43,270
	<u>259,099</u>	<u>235,955</u>

Provision for Employee Benefits

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

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

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

The non-current portion of 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.

Note 14 Other liabilities

Subscriptions in advance	16,384	15,432
Other income in advance	10,623	4,049
	<u>27,007</u>	<u>19,481</u>

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 15 Capital Expenditure Commitments

Capital expenditure commitments contracted for:

Building and improvements	2,769,075	-
Plant and equipment	75,065	-
	<u>2,844,140</u>	-
Payable:		
- not later than 12 months	2,844,140	-

On 2 February 2017 the Company entered into a borrowing agreement for 2 business loans totaling \$2,400,000 in order to finance the capital expenditure commitments in relation to extensions and renovations of the Club premises. The borrowing agreement required the Company to expend its own equity towards the progress payments prior to any bank funding being provided. As at 31 May 2017 the Company had not utilised the bank loan facility. The term of each business loan will be 3 years from drawdown on each facility and are interest only.

Note 16 Contingent Liabilities

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

Note 17 Key Management Personnel Compensation

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

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

	2017	2016
	\$	\$
Short-term employee benefits	206,369	210,476
Post-employment benefits	24,224	18,615
Other long-term benefits	20,093	343
Termination benefits	-	-
	<u>250,686</u>	<u>229,434</u>

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 May 2017

Note 18 Other Related Party Transactions

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

Note 19 Financial Risk Management

Financial Risk Management Policies

The Company's financial instruments consist mainly of cash and cash equivalents, deposits with banks, accounts receivable and payable, bank loans and other borrowings.

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

	Note	2017 \$	2016 \$
Financial Assets:			
Cash and cash equivalents	4	1,049,447	622,967
Trade and other receivables	5	7,706	9,579
Total Financial Assets		1,057,153	632,546
Financial Liabilities:			
Trade and other payables	11	649,762	422,036
Bank loan	12	-	505
Other loans	12	7,880	8,963
Total Financial Liabilities		657,642	431,504

Net Fair Values

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

Note 20 Company Details

Registered Office

The registered office and principal place of business of the Company
is: North Haven Bowling and Recreation Club Limited
1 Woodford Road
North Haven NSW 2443

North Haven Bowling & Recreation Club Limited

ABN 20 001045969

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of North Haven Bowling & Recreation Club Limited, the Directors of the Company declare that:

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

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

Director:.....
Gary William McLOUGHLIN

Dated: 17 July 2017



NorthCorp
accountants

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

**Independent Auditor's Report to the
Members of North Haven Bowling and Recreation Club Limited**

Opinion

We have audited the financial report of North Haven Bowling and Recreation Club Limited, which comprises the Statement of Financial Position as at 31 May 2017, 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.

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

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

Basis for Opinion

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

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

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

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



CHARTERED ACCOUNTANTS
AUSTRALIA+ NEW ZEALAND

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Independent Auditor's Report to the Members of North Haven Bowling and Recreation Club Limited

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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



NorthCorp

accountants

PARTNERS
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Patrick Brennan B Com CA

Independent Auditor's Report to the

Members of North Haven Bowling and Recreation Club Limited

Auditor's Responsibilities for the Audit of the Financial Report (continued)

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

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

NorthCorp Accountants

Rodney Smith
Partner

10-12 Short Street
Port Macquarie NSW 2444

Dated: 17 July 2017