



**Port Macquarie City Bowling Club  
Annual Report & Financial Statements  
Year End May 31st 2011**



Proposed Perspective of Club's External Facade



# PORT MACQUARIE CITY BOWLING CLUB LIMITED

ABN 71 001 056 211

## FINANCIAL REPORT

For the Year Ended 31 May 2010

CONTENTS	Page
CHAIRMAN'S REPORT	13
TREASURER'S REPORT	15
CEO'S REPORT	17
MISSION STATEMENT	20
FINANCE REPORT	22
DIRECTORS' REPORT	24
AUDITOR'S INDEPENDENCE DECLARATION	29
STATEMENT OF COMPREHENSIVE INCOME	30
STATEMENT OF FINANCIAL POSITION	31
STATEMENT OF CHANGES IN EQUITY	32
STATEMENT OF CASH FLOWS	33
NOTES TO THE FINANCIAL STATEMENTS	34
DIRECTORS' DECLARATION	52
INDEPENDENT AUDIT REPORT	53





**Annual Reports and Balance Sheet  
For The Year Ended  
May 31, 2011**

**PATRONS**

**Ray Graetz MC OAM      Rae Plews**

**OFFICE BEARERS**

**CHAIRMAN**

Bob Langham

**DEPUTY CHAIRMAN**

Neville Schwartz

**HONORARY TREASURER**

Michael Hayes

**DIRECTORS**

Robyn Biddle      Tony Newell      Jim Cranna  
Bruce Thompson      Ian Binder

**CEO**

Larry Collins

**OPERATIONS MANAGER**

Mike Garrihy

**ADMINISTRATION MANAGER**

Donna Williams

**AUDITORS**

Northcorp



**NOTICE**  
**THE ANNUAL GENERAL MEETING WILL BE HELD IN THE CLUB ROOMS**  
**ON SATURDAY 17TH SEPTEMBER, 2011 AT 10.00AM**

**AGENDA**

**BUSINESS OF THE MEETING SHALL INCLUDE:**

1. Confirmation of minutes from the previous Annual Meeting.
2. To receive reports from the Board of Directors.
3. To receive and consider the income and expenditure accounts, the balance sheet and report of the auditor.
4. To receive, consider and if thought fit, pass the notice of Special Resolution.
5. (a) To approve the payments of the following honorarium as recommended by the Board for the year ended 2012.

CHAIRMAN.....	\$7,000.00
TREASURER.....	\$7,000.00
DEPUTY CHAIRMAN.....	\$3,000.00

- (b) That the remaining five (5) Directors receive an honorarium of \$2,500.00 each for the year 2012 paid pro rata to their service.
6. To consider the following recommendations from the Board of Directors for the provisions of:
  - (a) The reasonable cost of beverages for each Director immediately after a Board of Directors meeting.
  - (b) Reasonable expenses incurred by Directors in relation to such other duties including entertainment of special guests to the club and other promotional activities performed by Directors which activities and the expenses are approved by the Board before payment is made on production of proper documentation of expenditure.
  - (c) Reasonable expenses for the holding of annual end of term of office dinner for Board of Directors, their special guests and dignitaries.
  - (d) The reasonable cost of Directors and their spouses attending the General Meetings of affiliated professional associations.
  - (e) The reasonable cost of Directors attending seminars, lectures, trade displays and other similar events as may be determined by the Board of Directors from time to time.
7. General Business.

**NOTICE OF SPECIAL RESOLUTION**

Members will be asked to consider, and if thought fit, pass the following Special Resolution:

## **SPECIAL RESOLUTION 1**

Members will be asked to consider and, if thought fit, pass the following Special Resolution:  
“That the members hereby approve the required amendments to the club’s constitution (as tabled) to reduce the quorum required for general meetings to seventy (70) Life Members and/or financial Ordinary Members (excluding Junior Members).”

### **Explanatory notes to be read in conjunction with Special Resolution 1:**

In recent years the club has struggled to achieve a quorum at general meetings. The change to be introduced is that the quorum for general meetings will be seventy members entitled to attend and vote (previously the quorum was 100 members).

Reconvening a general meeting runs the risk of interfering with other activities of the club, including games of bowls. A reconvened general meeting costs the club additional money to hold.

Advice received by the club notes that if the current quorum of 100 members is not reached, the reconvened general meeting can be held with as few as 2 members on any day and at any time within 30 days as determined by the Board and without any notice required to be given to members.

The proposed reduction in the quorum for general meetings is comparable to other similar sized clubs, and conforms to the requirements of the Corporations Act and Registered Clubs Act.

A special resolution must be passed as a whole and cannot be amended from the floor of the meeting or divided into two or more separate resolutions. The majority required for passing a special resolution is seventy-five per cent (75%) of members present and voting at the meeting.

The full wording of the amendment to the constitution is as follows:

Amend the Constitution of Port Macquarie City Bowling Club Limited by replacing Article 70 with the following:

70. No business shall be transacted at a General Meeting (including an Annual General Meeting) unless a quorum of members is present at the time when the meeting proceeds to business. Seventy (70) Life Members and/or financial Ordinary Members (excluding Junior Members) shall constitute a quorum at such meeting.

## **NOTICE TO MEMBERS**

Any financial member of the Club attending the Annual General Meeting who needs clarification on any matter relating to the Financial Statements contained herein is requested to please submit your questions in writing to the C.E.O. no later than the 9th September 2011, so that your questions may be answered fully at the meeting. Any member requiring a detailed profit and loss account please contact the undersigned.

**LARRY COLLINS**  
**C.E.O.**

## **PORT MACQUARIE CITY BOWLING CLUB LIMITED**

### **MINUTES of the ANNUAL GENERAL MEETING of the PORT MACQUARIE CITY BOWLING CLUB LIMITED**

**MEETING held within the CLUB ROOMS AT 9.30AM on  
SATURDAY, 11TH SEPTEMBER 2010.**

**PRESENT:** There were 135 members in attendance as per attendance book.

The Chairman indicated that a quorum had been achieved and opened the meeting welcoming all in attendance and recognising Club Patron Rae Plews, Life Members of the Club Ltd and Life Members of the Men's and Women's Bowling Clubs.

The Chairman requested that all in attendance stand in silent respect for those members who passed away during the year.

**APOLOGIES:** There were 5 apologies received on behalf of members.

**Moved Reg Lucas**                      **Seconded Greg Laird** that apologies be accepted.  
**Motion Carried.**

### **INTRODUCTION OF HEAD TABLE**

The Chairman introduced those seating at the head table.

### **MINUTES**

**Moved Tony Newell**                      **Seconded Keith Roach** that the  
Minutes of the previous Annual General Meeting held on Saturday 12th September, 2009 as published  
and distributed be confirmed.  
**Motion Carried.**

### **MATTERS ARISING**

#### **CHAIRMAN OF DIRECTORS REPORT**

**Moved Dave Keller**                      **Seconded Judy Brady** that the Chairman's Report as read and  
published be received and adopted.  
**Motion Carried.**

#### **CHAIRMAN'S ADDITIONAL REMARKS**

I would like to start my additional remarks by again referring to our mission statement on page 21 of the Annual Report. The achievement of this mission is becoming increasingly more difficult by the

interference our industry is suffering from the governments of the day both at State and Federal levels. After having suffered the iniquitous poker machines tax imposed by the State Government, followed by the IPART enquiry into the industry, smoking bans and the latest Federal Productivity report, we have in recent days seen an expedient decision by the Prime Minister, given to an independent elected by some 13,000 votes in Tasmania, in which he sought poker machine bets be limited to \$1 per bet, which this independent believes will solve problem gambling. By acquiescing to this request the PM has acquired this independent's support to form the next government and it is obvious that this, and not a genuine effort to assist problem gamblers, is the real reason for the PM's support of this ridiculous demand, which could be a killer blow to many clubs throughout Australia, large, medium and small.

In all discussions with Clubs Australia the Government had guaranteed that before a legislation is introduced at Federal level or recommendations made to the States that consultation would be entered into with the Clubs national body to ensure that the industry was not unduly disadvantaged. This guarantee has apparently gone out the window for the sake of expediency to ensure the government achieved the required number of independents' support to form a new government.

Let's just consider this problem gambling situation. To listen to Messrs Wilkie and his senator mate Nick Xenophon one could assume that the only form of gambling available in this country is poker machine gambling. Any thinking person would be aware that if there were no poker machines in Australia we would still have problem gamblers using the other forms available to satisfy their problem. No mention has been made to limit bets on the TAB or internet where there is no supervision of the kind that clubs provide and no harm minimisation procedures in place.

The other missing ingredient in the whole gambling debate, which to me is probably more important than any of the suggested changes, is summed up in two words 'personal responsibility'. Why do we, as providers of facilities to our members for their enjoyment, have responsibility for the behaviour of the very small minority of members and visitors who don't take any responsibility for their actions and fall into the category of problem gamblers? The last independent survey has these gamblers as less than 0.5% of poker machine players. The vast majority of poker machine players are responsible and gamble within their means and enjoy their flutter, in most cases realising that their limited flutter is assisting to provide the facilities that they enjoy each time they visit their club. All the intended reforms which the government is advocating are designed to help the small percentage of players who cannot take personal responsibility for their actions. For this guy Wilkie to suggest that a maximum bet of \$1 will go a long way towards solving problem gambling is naive and ignores all the other forms of gambling available to these people.

The outcome of all these enquiries and government interference in our industry points to a very difficult period ahead in which your incoming Board will have to be diligent and keep abreast of the best practices to keep our club operating profitably and in the best interests of all our members.

The club's policy of transparency and keeping the membership informed will continue and at all times the interests of our members will be foremost in any decision making emanating from the Boardroom.

## **FINANCE REPORT**

**Moved Tony Owens**            **Seconded Tony Newell** that the Independent Audit Report, Directors' Report and declaration for the financial year ended May 31st, 2010 be received.

**Moved Neville Schwartz**    **Seconded Ken Taylor** that the Income Statement and Balance Sheet for the financial year ended 31st May, 2010 be received.

**Moved Robyn Biddle**        **Seconded Faye Martin** that the Cash Flow Statement and Notes to and forming part of the financial statement for the year ended May 31, 2010 be received.

## **AUDITORS REPORT**

The Chairman called upon Auditor, Rod Smith, of Northcorp Accountants, to present his report to the members.

Auditor, Rodney Smith of Northcorp Accountants reviewed the Financial Statements for yearend 31st May 2010.

A letter of concern from Mr Tom Cornforth was tabled and discussed.

## **TREASURERS REPORT**

**Moved Ron Whitehead**       **Seconded Paul Brady** that the Independent Audit Report, Directors Report and declaration for the financial year ended May 31st, 2010 be adopted.

**Motion Carried.**

**Moved Alan Buss**            **Seconded Terry Schollum** that the Income Statement and Balance Sheet for the financial year ended May 31st, 2010 be adopted.

**Motion Carried.**

**Moved Reg Lucas**            **Seconded Ken Tonkin** that the Cash Flow Statement and notes to and forming part of the financial statement for the financial year ended May 31st, 2009 be adopted.

**Motion Carried.**

## **ORDINARY RESOLUTION**

The following nomination for Life membership to the Port Macquarie City Bowling Club was received resolved and is recommended by the Board in accordance with Article 10. (a) of the Constitution of the Port Macquarie City Bowling Club Ltd.

## **NOMINATION**

We hereby ask the Club Limited Board under Section 10 (a) of the Port Macquarie City Bowling Club Constitution for Rex Holihan to be nominated for Life Membership for his continued meritorious service to the Club.

Rex joined the Port City Club in December 1989. Rex has been a Director for 14 years, being Deputy Chairman and Greens Director for 3 years and has held positions on the Finance and House and Social Committees.

Rex also held positions on the Bowls Committee including Secretary and Publicity Officer, and also assisted the Board of Directors for 6 years in the poker machine clearances.

### **Nominated**

#### **Reg Lucas**

President Port City Men's Club

### **Motion Carried.**

### **Seconded**

#### **Neville Schwartz**

Life Member/Director

## **SPECIAL RESOLUTION**

The Chairman Mr Bob Langham read the following special resolution to the members present.

### **SPECIAL RESOLUTION**

#### **Special Resolution 1:**

“That the members hereby approve the required amendments to the club’s constitution (as tabled) to ensure that the club correctly conforms to the current requirements of the Corporations Act, Registered Clubs Act and the Liquor Act, and that the club’s constitution meets modern club industry standards.”

#### **Explanatory notes to be read in conjunction with Special Resolution 1:**

The amendments to the club’s constitution largely deal with minor changes that have been made to the Corporations Act, Registered Clubs Act, and Liquor Act over the past two years. A number of compliance statements that are generally part of club constitutions have also been added.

A change has also been made to remove the requirement for new members to be nominated and seconded for membership. All other procedures dealing with new memberships remain the same. The nomination for membership must still go before the board for scrutiny and endorsement.

A copy of the amendments is available from the secretary of the club.

A special resolution must be passed as a whole and cannot be amended from the floor of the meeting or divided into two or more separate resolutions. The majority required for passing a special resolution is seventy-five per cent (75%) of members present and voting at the meeting.

The Club's CEO Larry Collins gave an explanation to the nature and reason for the change in the articles and the resolution.

**Moved Tony Owens                      Seconded Paul Barry**  
**Motion Carried.**

## **DECLARATION OF THE POLL**

The Chairman called upon Returning Officer, John Jones to address the meeting on the results of the Ballot for the Board of Directors.

The Chairman declared all positions vacant and invited Patron, Rae Plews to take the chair. Returning Officer, John Jones addressed the meeting indicating that there were a total of 307 members who voted this year, which was made up of 97 female bowlers 177 male bowlers and 33 votes cast on behalf of social members.

### **Chairman:**

Bob Langham was duly appointed Chairman to hold office until the next Annual General Meeting.

### **Deputy Chairman:**

Neville Schwartz was duly appointed Deputy Chairman to hold office until the next Annual General Meeting.

### **Treasurer:**

Adrian Fakes was duly appointed Treasurer to hold office until the next Annual General Meeting.

### **Directors:**

Reg Lucas, Jim Cranna, Robyn Biddle, Tony Newell and Bruce Thompson were duly appointed Directors to hold office until the next Annual General Meeting.

## **REMARKS FROM THE CHAIRMAN**

On behalf of the members of the incoming Board, I thank you for your confidence in electing us to manage the affairs and assets of your Club over the next two years.

I can assure you that all decisions made at Board level will, at all times continue to be in the interests of the members of our great club.

To the retiring members of the Board thank you for your efforts and contributions over the many years that you have served and especially your efforts over the past twelve months.

## HONORARIUM

To approve the payment of the following honoraria as approved by the Board for the year 2010-2011 in advance.

**Moved Paul Brady**                      **Seconded Alan Marchant** that the payment of \$7,000.00 honorarium for the Chairman for the year 2010/2011 be adopted.

**Moved Paul Brady**                      **Seconded Ron Whitehead** that the payment of \$7,000.00 honorarium for the Treasurer for the year 2010/2011 be adopted.

**Moved John Carn**                      **Seconded Ron Turner** that the payment of \$3,000.00 honorarium for the Deputy Chairman for the year 2010/2011 be adopted.

**Moved Jim O'Brien**                      **Seconded John Franklin** that the payment of \$2,500.00 honorarium pro rata to their services for the remaining five (5) Directors for the year 2009/2010 be adopted.

## AGENDA ITEMS 7(A) TO 7(E) RECOMMENDATIONS

C.E.O. explained that the agenda items 7(a) to 7(e) needed to be approved for the following reasons.  
7. To consider the following recommendations from the Board of Directors for the provisions of:

- (a) The reasonable cost of beverages for each Director immediately after a Board of Directors meeting.
- (b) Reasonable expenses incurred by Directors in relation to such other duties including entertainment of special guests to the club and other promotional activities performed by Directors which activities and the expenses are approved by the Board before payment is made on production of proper documentation of expenditure.
- (c) Reasonable expenses for the holding of annual end of term of office dinner for Board of Directors, their special guests and dignitaries.
- (d) The reasonable cost of Directors and their spouses attending the General Meetings of affiliated professional associations.
- (e) The reasonable cost of Directors attending seminars, lectures, trade displays and other similar events as may be determined by the Board of Directors from time to time.

**Moved Greg Laird**                      **Seconded Paul Brady** that the above agenda items 7(a) to 7(e) as recommended by the Board be adopted.

## GENERAL BUSINESS

No General Business matters raised.

Meeting closed at 10.35am.

## CHAIRMAN'S REPORT

Following the disappointing financial result for last year (2009/2010) it is very pleasing to be able to report to members a surplus for the year of 2010/11 of \$695,600. This surplus includes a profit on the sale of the Gordon Street cottage (\$137,000) and several favourable adjustments in the area of GST. After allowing for these extraordinary, one off adjustments the surplus attributable to trading for the year was in excess of \$500,000, an outstanding result. The advice we are receiving from industry sources and statistics would indicate that trading in clubs is still very difficult and many clubs throughout the State, including a number on the North Coast, are finding a surplus of any size almost impossible to achieve.

The other two major clubs in Port Macquarie continue to complete in a vigorous and aggressive manner and as reported on previous occasions these clubs have the resources and expertise of Mingara and Panthers to advise and assist. Our results would indicate that we are competing extremely well and that we are more than holding our own in the marketplace.

During the year under review there were two changes to the personnel of the Board. Treasurer Adrian Fakes resigned and was replaced by Mick Hayes and Reg Lucas resigned to concentrate his efforts in the demanding position of Men's Club President. His position was filled by Ian Binder. Both Adrian and Reg have been excellent Directors during their terms of office and we thank them for their efforts. Mick and Ian have already shown that they will be good contributors in the administration of our club.

In 2008 the Independent Pricing and Regulatory Tribunal (IPART) conducted, at the instigation of the Labor State Government, a comprehensive survey of the Club industry which resulted in IPART commending the industry and its role in the community with very few criticisms. One area of criticism, however, related to the qualifications, or lack of, of club directors throughout the industry to effectively oversee the Club's business and future direction. The Clubs Directors Institute (CDI) has designed a series of courses and seminars in an effort to correct this problem and I am very pleased to report that the Directors of this club are embracing these programs and their attendances at these courses, seminars etc are excellent. Members should commend the Club Directors on their efforts in this area.

There is an old adage which says "if you fail to plan you plan to fail". With this in mind your Board has spent a great deal of its time in strategically planning the future of our great club. Most of our planning has focused on the planned extension on No. 1 green which is at a stage where we could virtually start on this project tomorrow. However your board is exercising due diligence in delaying any start on this project until the Federal Government indicates exactly where it is heading with regard to the proposed "problem gambling" legislation which has emanated from the member for Denison (Tas), Andrew Wilkie and supported by the Prime Minister as part of the deal done to secure a minority government. The estimated catastrophic effect on clubs of the mandatory pre-commitment sought by Wilkie and supported by the government has the industry extremely worried as the estimates of the economical effect on clubs indicate many closures and losses of business and jobs. The club industry is hopeful that some sort of compromise can be reached although Wilkie has stated on several occasions that his support of the minority government is contingent on this legislation being passed in its "pre-commitment" form. I guess when you are dealing with governments it is hard to expect that common sense will prevail.

During the year several major tournaments have been staged at Port City culminating with the Ladies' State Carnival in May which attracted some 1300 lady bowlers to the Mid North Coast area. Most clubs

in the Hastings were involved with the finals being held at Port City. The interest, publicity and financial benefits which this tournament and other major events created have reinforced your Board's belief in the club's ability to stage top class tournaments and the bowling clubs, both men and women, can rest assured that the Board will support efforts from the clubs to attract and stage major events in the future.

We have during the year seen many members and visitors enjoy our two catering venues, Club Buffet and Ocean Breeze Coffee Shop and we recognise their role in attracting patrons to our club.

I have on many occasions referred to the "unlisted" asset of our club, the staff, who once again have done a sterling job in serving and keeping our patrons happy. Whilst there are several new faces in the team the quality of service continues at a high level.

Our senior management team has had to face some new challenges with regular alterations to legislation in different areas and we have been required to adjust many of our procedures to comply with these alterations. Congratulations to Larry Collins, Donna Williams and Mick Garrihy for their continued excellent efforts.

It would be impossible to measure the amount of voluntary hours which our members contributed each year in the many areas where assistance is required therefore suffice to say that without these volunteers we would not be able to function as the great club that we are. A big thank you to all of these volunteers.

It is a feeling of great sadness and with sincere sympathies to the bereaved that we list our departed members. They will be sadly missed.

George Robberts	Mildred Mackellar	Edward Wallis
Reginald Wookey	Robert Phillips	Bill Serjeantson
June Hilton	Helen Cameron	Lorna Price
Noel Bobbin	Ross Abercrombie	John Brayshaw
Norma Dew	Don Wall	Margaret Low
Peter Brazier	James Garlick	Audrey Johnson
Doreen Hills	Terry Langdown	Desmond Toms
Dorothy Dugdale	Kingsley Fielder	Kevin Thornton
Margaret Lockett	Jean Ebzery	Roderick 'Binks' Mack
Ralph Gardiner	John Westman	Alicia 'Flo' Bailey
Kevin Sprague	Keith Archibald	Andrew McQuade
Laurence Martin	Eric Kirby	Russell Daniel
Kenneth Levitt	James Donald	Ralph Gardiner
Kenneth Stenhouse	Don McLean	Ernest Ford
Fredrick Bishop	Joan Valler	Dorothy Craig
Anne Fulmer	Ken Davies	Gwen Mayer
George Marks	Mrs I. Alexander	Greg Kemp
Betty Boileau	Raymond Bailey	Enda Slater
Eileen Hanlon	Alan Seager	Iris Tinmouth

**Bob Langham**  
**Chairman**

## TREASURER'S REPORT

On behalf of the Board I refer members to the Club's Financial Statements which have been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 & comply with International Financial Reporting Standards.

The Financial Reports have been subject to independent audit by Northcorp Accountants (Registered Company Auditors) in accordance with corporation law and are subject to an unqualified Audit opinion on those reports.

The Statement of Comprehensive Income (commonly referred to as "Profit & Loss" Statement) reflects a Net Profit for 2011 of \$695,600 compared with \$192,246 for 2010, a very impressive Net Profit increase of 262%.

The vagaries of modern accounting standards & accounting concepts require extraordinary items to be included in the Statement of Comprehensive Income often creating misleading or confusing results." Normalised" Net Profit is often presented as a better reflection of operating results & performance.

	2011	2010
	\$	\$
Net Profit for year	696,600	192,246
Extraordinary items Non recurring		
Capital Profit on sale of Gordon Street Cottage	-137,194	
Prior years GST Amendment Refunds	-48,737	+\$12,500e
Insurance Recoveries	-10,734	
Development & Other Capital Costs written off		+\$40,000e
<b>Normalised Net Profit</b>	<b>499,935</b>	<b>244,746</b>

On this Normalised Net Profit basis the result is still an impressive increase of 104%. This result is also 32% over budget.

The improvement in results has been achieved by a mixture of increased revenue and reduction and control in costs.

The positive Cash Flow from operating activities has resulted in the reduction in Bank Debt by \$1 Million.

### Snapshot of Performance

The following table reflects a snapshot of commonly used financial ratios and information applicable to financial performance of our club.

	2011	2010	2009	2008	2007
REVENUE	8,870,605	8,730,167	8,681,396	7,632,373	8,181,411
NET Profit	695,600	192,246	504,883	332,279	910,773
EBITDA *	1,633,364	1,183,177	1,593,539	1,454,284	1,925,502

EBITDA %	18.4%	13.6%	18.4%	19.1%	23.5%
NET ASSETS (at cost)	12,151,977	11,456,377	11,264,131	10,759,248	10,476,031
BANK DEBT	700,000	1,700,000	2,300,000	3,177,000	1,050,000
MEMBERSHIP	8,268	8,117	8,891	9,253	8,943

\*EBITDA is Earnings before interest tax depreciation & amortisation

Extracts from the IPART (Independent Pricing and Regulatory Tribunal) Report on the Club Industry shows that clubs with EBITDA in our range area.

<b>EBITDA</b>	<b>Financial Condition</b>
10% to 15%	Stable-sufficient cash flow to maintain operations May find it difficult to reinvest & reinvent as required
15% to 20%	Solid financial position – clubs need to critically evaluate capital purchases

My short tenure as Treasurer and board member has been interesting indeed (perhaps as a result of being on the “other side of the fence”). My work in particular involved familiarisation and information gathering and investigative work relevant to the financial operations of our club. Whilst my observation is that our club is on sound financial foundations, improvements and changes in financial management and corporate governance culture, along with strategic growth plans, are necessarily required to ensure long term success & viability. Actions are underway, being developed and implemented by your current board on an on-going basis to improve these areas with the objective of endeavouring to continue to balance our growing member needs within a structured and maintainable financial environment.

This task is made more difficult given the present unclear external environment in which we operate particularly in respect of poker machine trading. Our Club is economically dependent on gaming for the majority of its revenue and hopefully gaming laws will continue to support our club.

The club industry consensus suggests that net returns from gaming will diminish under the proposed mandatory pre-commitment legislation by more than 20% as well as substantial capital costs -in our case about \$500,000 per annum will be taken off our bottom line resulting at best in reduction of our capacity to maintain our current level of services, facilities and benefits (including member discounts, promotions, bowling costs and sponsorships).

Interesting times lie ahead and hopefully a reasonable compromise on gaming can be reached & the general economic environment improve.

**Michael Hayes**  
**Treasurer**

## CEO'S REPORT

I would like to take the opportunity to present my report to the members for the 2010/2011 financial year. The current trading environment is still the most difficult and challenging for the management and boards of licensed clubs. We now have the Federal Labor Government targeting Clubs and endeavoring to introduce a disgraceful piece of legislation, being mandatory pre-commitment.

To gain power at the last Federal Election Prime Minister Gillard struck a deal to introduce mandatory pre-commitment for the playing of poker machines with Andrew Wilkie, an MP from Tasmania.

**The Gillard/Wilkie deal takes away your rights as an individual to make a personal decision on how you spend your money and you now have the Government telling you how to live your life.**

The proposal recommends the following;

Every person wishing to play an electronic gaming device (poker machine) will need to register with a national data base and would receive an identification card.

All personal details would be stored on a national data base fully accessible by those in government.

Every club, hotel and casino would be linked to the central data base regardless of size or location.

The government will make it compulsory for every individual to pre-commit prior to playing a poker machine regardless of individual capability. Once you have played your pre-committed amount you would not be able to play another poker machine in Australia for a pre-determined time frame, minimum 24 hour shut out.

Every gaming device (poker machine) would need to be replaced or modified to accept the technology (which has not yet be developed) at a cost of approximately \$2.5 billion dollars to install nationwide. Cost to this club alone based on conservative estimates is \$2.5 million dollars.

Another daily monitoring fee would have to be paid by the club to a central authority of approximately \$250k per annum based on conservative estimates.

This proposed legislation is a disgrace and very misleading. Whilst these initiatives are being discussed, online gambling and betting agencies are freely advertising and promoted in all forms of media and what does the government do about that? Nothing.

Wilkie has stated that the mandatory pre-commitment will reduce revenues by up to 40%. This is a significant amount of money and would be unsustainable for any business and especially our club. The projected reduction for Port City Bowling Club would be approximately \$6.75 million in clearance revenue which equates to \$2.4 million in net gaming revenue and would almost certainly see the closure of **YOUR CLUB**. The flow on effect to local suppliers and community groups would be catastrophic.

Clubs do an enormous amount for the community including schools, sporting clubs rotary, lions, charity groups and many more.

My question to you, as members, is what right does a politician from Tasmania have in telling you how to live your life and how to spend your money? In my opinion he should go back to Tasmania and stay there and stay out of the affairs of clubs.

I encourage you as members, your family and friends to stand up and fight for the club industry by writing to Mr. Rob Oakeshott Federal Member for Lynne and voicing your stand against mandatory pre-commitment and persuade Mr. Oakeshott to vote against the legislation when introduced to Parliament.

On a more positive note the Club has had a solid profit for the year, we have continued with our promotions for members and are currently conducting Viva Las Vegas, which will see us give away four holidays to Vegas.

Ticket in Ticket out (TITO) will be introduced into the Club in October this system will improve our service in the gaming area, when patrons press the collect button on any poker machine a ticket will be printed out immediately, this will negate waiting for a staff member to write out a payout docket.

The patron will be able to reinsert the ticket into any poker machine and continue to play their credits or take the ticket to the cashier to collect, a professional initiative to improve service.

We will again be conducting a fantastic New Years Eve Seafood and Asian banquet on Saturday December 31st the sensational Lamp Lighters will be playing there will be limited tickets available so I suggest that when tickets do go on sale get in quick to avoid disappointment.

I would like to congratulate Charlie Buchanan for his continued efforts and professionalism in building a strong bowls program for our Club. This year we have held the Ladies State Carnival, Tooheys Grade 6 & 7 Triples, Aevum Singles, Combined Pairs Tournament with Westport and Panthers, New South Wales Juniors and the Members Only \$5,000 Tournament.

Along with the aforementioned the following tournaments will be added to this year's program Ladies Premier Cup, NSW Green Keepers Association State Championship, Australian Unity Pairs and State Presidents Singles & Pairs Championship. I would also like to congratulate Reg Lucas and Shirley Devine, their respective committees and members for a job well done over the past twelve months.

I would like to take the opportunity to thank Chairman Bob Langham and our Board for their continued support and diligence during the past 12 months. Members can be assured that our club will continue to be strong whilst we have a strong and unified board and management team.

Big thanks to Operations Manager Mick Garrihy, Administration Manager Donna Williams and Functions and Marketing Coordinator Jordan Humphries for their hard work, support and friendship during the past 12 months. They all do a fantastic job.

To the Clubs Supervisors Mark Doherty, Richard Lake and the club's wonderful staff I say thank you for your professionalism, the hard work you have put in and for delivering excellent service to our members.

Last but by no means least to our members, thank you for supporting your locally owned club, without the support from our members we don't have a club.

**Larry Collins**  
**CEO**

### **CLUB LIMITED LIFE MEMBERS**

Ron Limbert, Ray Graetz, Bob Kane, Ron Whitehead, Bob Langham, Rae Plews,  
Neville Schwartz, Rex Holihan

### **WOMEN'S BOWLING CLUB LIFE MEMBERS**

Norma Schwartz, Frances Green, Robyn Biddle, Lorna Whitehead

### **MEN'S BOWLING CLUB**

Noel Patterson, Keith Ison, Reg Lucas, Alan Cutler

### **MISSION STATEMENT**

To promote the game of bowls, both socially and competitively, together with other sports as trends dictate; whilst providing superior recreational facilities and amenities for members, their families and guests to ensure their utmost enjoyment.

## **PORT CITY BOWLING CLUB IN THE COMMUNITY**

**Port City Bowling Club is proud to support community, sporting, social and charity groups.**

The Cerebral Palsy Alliance	Port Macquarie Junior Breakers
Port Macquarie Public School (Deaf Camp)	Port City Leagues Cricket Club
Port Macquarie Spastic Council	Port Macquarie Junior AFL
Rotary Community Centre	Heritage Car Club
Alzheimer's Australia NSW	Port Macquarie Bridge Club
Port Macquarie Public School	Port Macquarie Chess Club
Family Drug Support	Blue Water Fishing Club
National Breast Cancer Association	Bream & Bass Fishing Club
Hastings Cancer Trust	Port Macquarie Fly Rodders
Relay For Life	Port City Angling Club
JP's Association NSW	November – Prostate Cancer
Hastings Senior Social Club	World Greatest Shave
Probus Club of Oxley	Jeans for Genes Day
Port Macquarie Probus Club	Daffodil Day – Cancer Council
Mixed Probus Clubs of Port Macquarie	National Bandana Day
Association of Independent Retirees	The Vintage Ports
Residents Action Network	Port Macquarie Croquet Club
The Deaf Society	Port Macquarie City Church
Ignite Youth Church	PM /Hastings Legacy Club
The Swimming Academy	Port Macquarie Historical Society
Quota International	Wauchope Delivered Meal Service
Australia Red Cross	Riding for the Disabled Association
Give Me 5 for Kids	North Coast Cancer Institute
Salvation Army	Terry Kelly Memorial Bowls Day
Variety Club	University of the 3rd Age
Point Plomer Burns Victims	Mick Sallustio Memorial Bowls Day
North Coast Combined H/S Lawn Bowls	NEWIDAFE
Comboyne Community Preschool	Sharks Rugby League Club
MNC Women's Domestic Violence Support Network	Mayor's Sporting Fund
Port Macquarie Tennis Club	Ronald McDonald House
Port Macquarie Body Boarders	Port Macquarie Sea Scouts
Port Macquarie Oncology Unit	

# **Port Macquarie City Bowling Club Limited**

ABN 71 001 056 211

## **Financial Statements**

**For the Year Ended 31 May 2011**

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

Financial Statements

For the Year Ended 31 May 2011

## CONTENTS

	<u>Page</u>
DIRECTORS' REPORT	1
AUDITOR'S INDEPENDENCE DECLARATION	6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11
DIRECTORS' DECLARATION	29
INDEPENDENT AUDIT REPORT	30

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## DIRECTORS' REPORT

31 May 2011

Your Directors present their report on the Company for the financial year ended 31 May 2011.

### Directors

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

Robert J LANGHAM	
Neville E SCHWARTZ	
Robyn BIDDLE	
Anthony NEWELL	
James CRANNA	(Appointed 11/09/2010)
Bruce THOMPSON	(Appointed 11/09/2010)
Michael HAYES	(Appointed 29/11/2010)
Ian BINDER	(Appointed 28/03/2011)
Reginald LUCAS	(Retired 25/02/2011)
Adrian W FAKES	(Retired 27/09/2010)
Rex W HOLIHAN	(Retired 11/09/2010)
Keith ISON	(Retired 11/09/2010)

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:

- To provide support for community groups and to provide a place for these groups to meet;
- Sponsor and support local sporting groups and community organisations;
- Continue to promote and improve member facilities;
- Provide entertainment, food and beverages for the members and visitors at reasonable prices.

### Long-Term Objectives

The long term objectives of the Company are to:

- Increase the Club's membership;
- Extend, renovate and improve the Club's facilities;
- Improve the Club's financial position;
- Promote the Club as the hub of the community that brings members and guests together.

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## DIRECTORS' REPORT

31 May 2011

### Strategies Adopted for Achieving Objectives

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

- Retain and engage suitably qualified and experienced employees to provide the best possible service and maintain the Club's facilities;
- Providing entertainment, bowls tournaments and promotions to attract patronage to the Club;
- Offer high quality, reasonably priced meals and priced beverages;
- Conducting promotions throughout the year for the benefit of members and their guests.
- Annual development of a financial budgets and monthly monitoring of financial performance to ensure the Club operates within its financial capabilities.

### Principal Activities

The principal activities 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.

### Measurement and Monitoring of Performance of the Company

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, bistro and poker machine operations.

### Members' Guarantee

Port Macquarie City Bowling 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 \$20 towards meeting any outstanding obligations of the Company. At 31 May 2011 the collective liability of members was \$165,360 (2010: \$162,340).

	2011 No.	2010 No.
Number of Members	8,268	8,117

### 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.

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## DIRECTORS' REPORT

31 May 2011

### 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 and bowling greens at 4 Owen Street and the carpark on the corner of Owen and Church Street, Port Macquarie New South Wales.

Non-core property of the Club means any real property owned by the Club that is not core property. Non-core property consists of 7-9 Church Street, Port Macquarie New South Wales.

### Meetings of Directors

During the financial year, 12 monthly meetings and 8 special meetings of Directors were held during the year. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Robert J LANGHAM	20	20
Neville E SCHWARTZ	20	20
Robyn BIDDLE	20	18
Anthony NEWELL	20	20
James CRANNA	16	13
Bruce THOMPSON	16	15
Michael HAYES	12	11
Ian BINDER	4	4
Reginald LUCAS	14	14
Adrian W FAKES	4	4
Rex W HOLIHAN	4	4
Keith ISON	4	4

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## DIRECTORS' REPORT

31 May 2011

### Information on Current Directors

Robert J LANGHAM

Qualifications Qualified Accountant and Company Secretary  
Experience Director of Port Macquarie City Bowling Club for 22 years  
8 years as Chairman and 12 years as Treasurer  
Special Responsibilities Chairman of the Board of Directors  
Finance Committee  
Chairman of the Remuneration Committee

Neville E SCHWARTZ

Qualifications Director OTIS Elevator Co. Southern Zambia (5 years), Technical Adjuster  
OTIS Elevator Co. Canada (5 years) and various other managerial positions  
in the elevator industry  
Experience Director of Port Macquarie City Bowling Club for 14 years  
Special Responsibilities Deputy Chairman of the Board of Directors  
Greens Director  
Finance and Remuneration Committees

Robyn BIDDLE

Qualifications Qualified Hairdresser, managed Hair Salon for 6 years, Tourist Trades 14  
years, Bowls shop for 4 years  
Experience Director of Port Macquarie City Bowling Club for 9 years  
Special Responsibilities Finance Committee  
House and Maintenance Committee  
CDSE Committee

Anthony NEWELL

Qualifications Administration in construction, tourism, sport and welfare businesses.  
Director of family dry cleaning company for 10 years. Justice of the Peace  
Experience Director of Port Macquarie City Bowling Club for 3 years  
Special Responsibilities Finance Committee  
CDSE Committee

Michael HAYES

Qualifications Certified Practicing Accountant, Registered Company Auditor,  
Justice of the Peace  
Experience Director of Port Macquarie City Bowling Club for 1 year  
Special Responsibilities Treasurer  
Finance and Remuneration Committees

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## DIRECTORS' REPORT

31 May 2011

James CRANNA

Qualifications

Retired as Local Area Commander of the Mid North Coast after 38 years in the NSW Police Force. Has served in executive positions with NSW Police Bowling & Rugby League Clubs and has extensive experience in administration. Life Member Of NSW Police Bowling Club.

Experience

Director of Port Macquarie City Bowling Club for 1 year

Special Responsibilities

Finance Committee, Bowls Liaison Director

Bruce THOMPSON

Qualifications

Justice of the Peace, 32 years in Finance and Banking. Currently operating part time property administration and maintenance business. Director and Secretary of Rekifi Pty Ltd, a private investment company

Experience

Director of Port Macquarie City Bowling Club for 1 year, previously 2 years

Special Responsibilities

Finance Committee  
House and Maintenance Committee

Ian BINDER

Qualifications

Retired, employed 12 years as works manager of a large steel engineering firm in Sydney. Owned and managed a structural steel fabrication business, Binder Engineering Pty Ltd

Experience

Director of Port Macquarie City Bowling Club for 1 year

Special Responsibilities

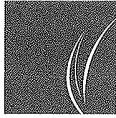
Finance Committee  
Greens Committee

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

Chairman: .....

  
Robert J LANGHAM

Dated this 3rd day of August 2011



NorthCorp  
accountants

PARTNERS

Mark Hatherly B.Com F.C.A.  
Winifred Gibson F.H.A. Affiliate I.C.A.A.  
Robert Magnussen B.Bus F.C.A.  
Paul Fahy B.Bus CA  
Rodney Smith B.Fin Admin F.C.A.  
Tony Faulder B.Com CPA Affiliate I.C.A.A.  
Bart Lawler B.Com CA

**AUDITOR'S INDEPENDENCE DECLARATION**  
**Under Section 307C of the *Corporations Act 2001***  
**To the Directors of Port Macquarie City Bowling Club Limited**

I declare that, to the best of my knowledge and belief, during the year ended 31 May 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

NorthCorp Accountants

**Rodney Smith**  
**Partner**

3 August 2011

10-12 Short Street  
Port Macquarie NSW 2444



**Chartered  
Accountants**

Chartered Accountants

Suites 1-3 Bourne House, 10-12 Short Street, PO Box 166, Port Macquarie NSW 2444  
T 02 6588 4444 F 02 6583 4527 E northcorp@northcorp.com.au www.northcorp.com.au  
Liability Limited by a scheme approved under Professional Standards Legislation

6

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 May 2011

	Note	2011 \$	2010 \$
Revenue	2	8,870,605	8,730,167
Other income	2	131,068	-
		<u>9,001,673</u>	<u>8,730,167</u>
Changes in inventories	3	(1,810)	(7,626)
Inventories purchased	3	(944,775)	(940,767)
Advertising and promotion		(693,575)	(730,983)
Depreciation and amortisation	3	(853,909)	(880,649)
Donations		(75,629)	(75,682)
Electricity		(296,806)	(282,003)
Employee benefits expense		(2,228,584)	(2,270,205)
Entertainment		(149,455)	(155,044)
Finance costs	3	(83,855)	(110,282)
Gaming machine GST		(534,857)	(530,084)
Insurance		(111,500)	(123,664)
Poker machine supplementary tax		(1,052,824)	(1,046,961)
Rates and taxes		(139,464)	(172,140)
Repairs and maintenance		(370,233)	(358,126)
Other expenses		(768,797)	(853,705)
		<u>(8,306,073)</u>	<u>(8,537,921)</u>
<b>Profit before income tax</b>		<b>695,600</b>	<b>192,246</b>
Income tax expense		-	-
<b>Profit for the year</b>		<b>695,600</b>	<b>192,246</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>695,600</b>	<b>192,246</b>
Profit attributable to members		695,600	192,246
Total comprehensive income attributable to members		<u>695,600</u>	<u>192,246</u>

These Financial Statements should be read in conjunction with the attached independent audit report  
The accompanying notes form part of these financial statements

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## STATEMENT OF FINANCIAL POSITION

As at 31 May 2011

	Note	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	304,864	244,882
Trade and other receivables	6	41,455	59,317
Inventories	7	48,680	50,490
Other assets	8	19,934	35,455
<b>Total current assets</b>		<b>414,933</b>	<b>390,144</b>
<b>Non-current assets</b>			
Intangible assets	9	84,000	84,000
Investment property	10	-	180,111
Property, plant and equipment	11	13,743,962	13,694,215
<b>Total non-current assets</b>		<b>13,827,962</b>	<b>13,958,326</b>
<b>TOTAL ASSETS</b>		<b>14,242,895</b>	<b>14,348,470</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	792,940	609,079
Borrowings	13	721,168	876,000
Other current liabilities	14	231,207	266,552
Short-term provisions	15	277,134	288,516
<b>Total current liabilities</b>		<b>2,022,449</b>	<b>2,040,147</b>
<b>Non-current liabilities</b>			
Borrowings	13	42,336	824,000
Long-term provisions	15	26,133	27,946
<b>Total non-current liabilities</b>		<b>68,469</b>	<b>851,946</b>
<b>TOTAL LIABILITIES</b>		<b>2,090,918</b>	<b>2,892,093</b>
<b>NET ASSETS</b>		<b>12,151,977</b>	<b>11,456,377</b>
<b>EQUITY</b>			
Retained earnings		12,151,977	11,456,377
<b>TOTAL EQUITY</b>		<b>12,151,977</b>	<b>11,456,377</b>

These Financial Statements should be read in conjunction with the attached independent audit report  
The accompanying notes form part of these financial statements

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 May 2011

	Retained Earnings	Total
	\$	\$
<b>2011</b>		
Balance at 1 June 2010	<u>11,456,377</u>	<u>11,456,377</u>
Profit attributable to members of the Company	695,600	695,600
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>695,600</u>	<u>695,600</u>
<b>Balance at 31 May 2011</b>	<u><b>12,151,977</b></u>	<u><b>12,151,977</b></u>
<b>2010</b>		
Balance at 1 June 2009	<u>11,264,131</u>	<u>11,264,131</u>
Profit attributable to members of the Company	192,246	192,246
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>192,246</u>	<u>192,246</u>
<b>Balance at 31 May 2010</b>	<u><b>11,456,377</b></u>	<u><b>11,456,377</b></u>

These Financial Statements should be read in conjunction with the attached independent audit report  
The accompanying notes form part of these financial statements

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## STATEMENT OF CASH FLOWS

For the Year Ended 31 May 2011

	Note	2011 \$	2010 \$
<b>Cash flows from operating activities:</b>			
Receipts from customers		9,610,676	9,481,151
Payments to suppliers and employees		(8,101,193)	(8,348,750)
Interest received		1,917	16
Finance costs		(83,855)	(110,282)
<b>Net cash provided by (used in) operating activities</b>	17(a)	<u>1,427,545</u>	<u>1,022,135</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of property, plant and equipment		19,000	46,389
Proceeds from sale of investment property		317,305	-
Purchase of property, plant and equipment		(767,372)	(635,711)
<b>Net cash provided by (used in) investing activities</b>		<u>(431,067)</u>	<u>(589,322)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings		63,504	-
Repayment of borrowings		(1,000,000)	(600,000)
<b>Net cash provided by (used in) financing activities</b>		<u>(936,496)</u>	<u>(600,000)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>59,982</b>	<b>(167,187)</b>
Cash and cash equivalents at beginning of year		<u>244,882</u>	<u>412,069</u>
<b>Cash and cash equivalents at end of year</b>	5	<u>304,864</u>	<u>244,882</u>

These Financial Statements should be read in conjunction with the attached independent audit report  
The accompanying notes form part of these financial statements

10

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

The financial statements are for Port Macquarie City Bowling Club Limited as an individual entity, incorporated and domiciled in Australia. Port Macquarie City Bowling 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, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

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

#### (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) Investment property

Investment property was carried at cost.

#### (d) 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.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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.

These Financial Statements should be read in conjunction with the attached independent audit report 11

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 1 Summary of Significant Accounting policies (continued)

#### (d) Property, plant and equipment (continued)

##### *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 their useful lives 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:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Buildings and freehold improvements at cost	2.5 - 20%
Plant and Equipment	10 - 20%

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 included in the statement of comprehensive income.

#### (e) Intangible assets

##### **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.

#### (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) 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 as at 'fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

These Financial Statements should be read in conjunction with the attached independent audit report 12

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 1 Summary of Significant Accounting policies (continued)

#### (g) Financial Instruments (continued)

##### 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 stated at amortised cost.

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

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

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

These Financial Statements should be read in conjunction with the attached independent audit report 13

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 1 Summary of Significant Accounting policies (continued)

#### (g) Financial Instruments (continued)

##### (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. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Available-for-sale financial assets are included in 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 Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

##### (h) 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 goodwill and intangible assets with indefinite useful lives.

These Financial Statements should be read in conjunction with the attached independent audit report 14

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 1 Summary of Significant Accounting policies (continued)

#### (i) Employee benefits

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

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

#### (j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### (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 investment properties is recognised on an accruals basis or straight-line basis in accordance with lease agreements.

Revenue from the rendering of services 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) 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 income in the period in which they are incurred.

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

These Financial Statements should be read in conjunction with the attached independent audit report 15

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 1 Summary of Significant Accounting policies (continued)

#### (n) 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.

#### (o) Adoption of New and Revised Accounting Standards

During the current year there were no new or revised Australian Accounting Standards and Interpretations applicable to its operations of the Company which became mandatory.

#### (p) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application for future reporting periods. The Company has decided against early adoption of the following standards which are applicable to the Company but are not yet effective:

Title of Standard	Future Reporting Requirements	Operative Date
AASB9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB9.	These standards are applicable retrospectively and amend the classification and measurement of financial assets.	1 January 2013
AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvement Project.	These standards detail numerous non-urgent but necessary changes arising from the IASB's annual improvement project.	1 January 2010
AASB 2010-2: Amendments to Australian Accounting Standards arising from reduced disclosure requirements.	The standard substantially reduces the disclosure requirements contained in existing Australian Accounting Standards.	1 July 2013

The abovementioned standards are applicable for annual reporting periods commencing on the operative date. Application of these standards is not expected to materially affect any of the amounts recognised in the financial statements, but will result in changes to additional information disclosed in the financial statements

These Financial Statements should be read in conjunction with the attached independent audit report 16

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 1 Summary of Significant Accounting policies (continued)

#### (q) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report 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 impairment has been recognised in respect of assets at reporting date.

#### *Key Judgments - Provisions*

Included in provisions at 31 May 2011 is an amount provided for poker machine bonus points. The amount provided does not represent the aggregate balance of poker machine bonus points accrued as the Directors believe that the aggregate balance of the bonus points is not likely to be redeemed in full.

The financial report was authorised for issue on 3 August 2011 by the Board of Directors.

These Financial Statements should be read in conjunction with the attached independent audit report 17

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 2 Revenue and Other Income

(a) Revenue	2011	2010
	\$	\$
<b>Sale of goods:</b>		
- Bar sales	<u>2,290,188</u>	<u>2,246,577</u>
<b>Other revenue:</b>		
- Bingo	83,107	68,957
- Bistro and coffee shop rental	88,251	88,372
- Commissions	174,431	165,583
- Green and competition fees	110,127	107,069
- Insurance recoveries	10,735	10,398
- Interest received	1,917	16
- Members' subscriptions	78,000	81,228
- Poker machines	5,950,087	5,923,786
- Other revenue	<u>83,762</u>	<u>38,181</u>
<b>Total Revenue</b>	<u><b>8,870,605</b></u>	<u><b>8,730,167</b></u>
<b>(b) Other income</b>		
- Net gain on sale of non-current assets	<u>131,068</u>	-
<b>Total revenue and other income</b>	<u><b>9,001,673</b></u>	<u><b>8,730,167</b></u>

### Note 3 Profit for the year

(a) Expenses		
<b>Cost of goods sold:</b>		
Bar sales	<u>946,585</u>	<u>948,393</u>
<b>Finance Costs:</b>		
Interest expense	<u>83,855</u>	<u>110,282</u>
<b>Depreciation</b>		
Buildings and improvements	295,038	296,394
Plant and equipment	<u>558,871</u>	<u>584,255</u>
	<u><b>853,909</b></u>	<u><b>880,649</b></u>

These Financial Statements should be read in conjunction with the attached independent audit report 18

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 4 Auditor's Remuneration

	2011	2010
	\$	\$
<b>Remuneration of the auditor of the Company for:</b>		
- Auditing the financial statements	19,300	18,800
- Other audit services	3,700	3,913
- Other non-audit services	3,300	1,120
- Under accrual 2010	6,587	-
	<u>32,887</u>	<u>23,833</u>

### Note 5 Cash and cash equivalents

Cash at bank and on hand	<u>304,864</u>	<u>244,882</u>
	<u>304,864</u>	<u>244,882</u>

#### Reconciliation of Cash

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

Cash and cash equivalents	<u>304,864</u>	<u>244,882</u>
---------------------------	----------------	----------------

### Note 6 Trade and Other Receivables

#### Current

Other receivables	<u>41,455</u>	<u>59,317</u>
-------------------	---------------	---------------

#### (a) Credit Risk

The Company does not have a material credit risk exposure to any single receivable or group of receivables.

#### (b) Impairment of receivables

There were no impaired receivables for the Company in 2011 and 2010.

#### (c) Aged analysis

As at 31 May 2011, trade receivables of \$41,455 (2010: \$59,317) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

Up to 30 days	<u>41,455</u>	<u>59,317</u>
	<u>41,455</u>	<u>59,317</u>

These Financial Statements should be read in conjunction with the attached independent audit report 19

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 7 Inventories

	2011	2010
	\$	\$
<b>Current</b>		
<b>Finished Goods - at Cost</b>		
Bar stock	<u>48,680</u>	<u>50,490</u>

### Note 8 Other Assets

<b>Current</b>		
Prepayments	<u>19,934</u>	<u>35,455</u>

### Note 9 Intangible assets

<b>Poker Machine Licences</b>		
Poker machine licences at cost	<u>84,000</u>	<u>84,000</u>

#### (a) Movements in Poker Machine Licences

Opening balance	84,000	84,000
Additions	-	-
Disposals	<u>-</u>	<u>-</u>
<b>Closing balance</b>	<u>84,000</u>	<u>84,000</u>

#### **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

### Note 10 Investment property

Balance at beginning of the period	180,111	180,111
Additions	-	-
Disposals	(180,111)	-
Depreciation	<u>-</u>	<u>-</u>
Balance at end of year	<u>-</u>	<u>180,111</u>

The investment property was accounted for at cost. No depreciation was charged on the investment property as the carrying amount relates to the cost of land.

These Financial Statements should be read in conjunction with the attached independent audit report 20

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 11 Property plant and equipment

	2011	2010
	\$	\$
<b>Land and Buildings</b>		
<b>Freehold land</b>		
Freehold land at cost	<u>3,497,349</u>	3,497,349
Total freehold land	<u>3,497,349</u>	3,497,349
<b>Buildings and freehold improvements</b>		
Buildings and freehold improvements at cost	12,435,337	11,955,137
Less accumulated depreciation	<u>(4,199,269)</u>	(3,904,231)
Total buildings and freehold improvements	<u>8,236,068</u>	8,050,906
<b>Total land and buildings</b>	<u>11,733,417</u>	11,548,255
<b>Plant and Equipment</b>		
Plant and equipment at cost	7,344,441	7,179,368
Less accumulated depreciation	<u>(5,333,896)</u>	(5,033,408)
<b>Total plant and equipment</b>	<u>2,010,545</u>	2,145,960
<b>Total property, plant and equipment</b>	<u>13,743,962</u>	13,694,215

#### (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
	\$	\$	\$	\$
<b>2011</b>				
Balance at 1 June 2010	3,497,349	8,050,906	2,141,080	13,689,335
Additions	-	480,200	448,582	928,782
Disposals	-	-	(20,246)	(20,246)
Depreciation expense	-	(295,038)	(558,871)	(853,909)
<b>Balance at 31 May 2011</b>	<u>3,497,349</u>	<u>8,236,068</u>	<u>2,010,545</u>	<u>13,743,962</u>
<b>2010</b>				
Balance at 1 June 2009	3,408,015	8,381,300	2,212,105	14,001,420
Additions	89,334	-	546,377	635,711
Disposals	-	(34,000)	(28,267)	(62,267)
Depreciation expense	-	(296,394)	(584,255)	(880,649)
Balance at 31 May 2010	<u>3,497,349</u>	<u>8,050,906</u>	<u>2,145,960</u>	<u>13,694,215</u>

These Financial Statements should be read in conjunction with the attached independent audit report 21

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 12 Trade and Other Payables

	2011	2010
	\$	\$
<b>Current</b>		
<b>Unsecured liabilities</b>		
Trade payables	300,491	132,944
Other payables and accrued expenses	492,449	476,135
	<u>792,940</u>	<u>609,079</u>

Trade and other payables are expected to be paid in less than 6 months from the end of the financial year.

### Note 13 Borrowings

<b>Current</b>		
<b>Unsecured liabilities</b>		
Other equipment loan	(c) <u>21,168</u>	-
<b>Secured liabilities</b>		
Bank loan	(a)(b) <u>700,000</u>	876,000
	<u>721,168</u>	<u>876,000</u>
<b>Non-Current</b>		
<b>Unsecured liabilities</b>		
Other equipment loan	(c) <u>42,336</u>	-
<b>Secured liabilities</b>		
Bank loan	(a)(b) <u>-</u>	824,000
	<u>42,336</u>	<u>824,000</u>
<b>(a) Total current and non-current secured liabilities</b>		
Bank loan	<u>700,000</u>	1,700,000
	<u>700,000</u>	<u>1,700,000</u>
<b>(b) The carrying amounts of non-current assets pledged as security are:</b>		
Property, plant and equipment	13,743,962	13,694,215
Investment property	-	180,111
	<u>13,743,962</u>	<u>13,874,326</u>

These Financial Statements should be read in conjunction with the attached independent audit report 22

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 13 Borrowings (continued)

#### (c) Collateral Provided

##### Bank Loan

In accordance with the security arrangements of liabilities all non-current assets of the Company, except for intangible assets, have been pledged as security. The holder of the security does not have the right to sell or re-pledge the assets.

##### Other Equipment Loans

Other loans are unsecured and comprise of finance contracts for the purchase of 2 poker machines entered into during the year ended 31 May 2011 with 3 year terms. The loans are interest free.

### Note 14 Other Liabilities

	2011	2010
	\$	\$
<b>Current</b>		
Subscriptions and income in advance	147,847	133,200
Bistro rent in advance	83,360	133,352
	<u>231,207</u>	<u>266,552</u>

### Note 15 Provisions

	Employee benefits	Other provisions	Total
	\$	\$	\$
Opening balance at 1 June 2010	291,925	24,537	316,462
Additional / (utilised) provisions	(4,761)	(8,434)	(13,195)
Balance at 31 May 2011	<u>287,164</u>	<u>16,103</u>	<u>303,267</u>

#### Analysis of Total Provisions

	2011	2010
	\$	\$
Current	277,134	288,516
Non-current	26,133	27,946
	<u>303,267</u>	<u>316,462</u>

### Note 16 Contingent Liabilities

The Company has a contingent liability for employees' sick leave. As sick leave is not able to be paid out no liability for this leave has been taken up in the accounts. It will be accounted for as incurred.

These Financial Statements should be read in conjunction with the attached independent audit report 23

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 17 Cash Flow Information

#### (a) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax

	2011	2010
	\$	\$
Profit for the year	695,600	192,246
<b>Non-cash flows in profit</b>		
Depreciation	853,909	880,649
Net (gain)/loss on disposal of non-current assets	(131,068)	15,878
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in trade and term receivables	17,862	(24,628)
(Increase)/decrease in prepayments	15,521	(22,872)
(Increase)/decrease in inventories	1,810	7,626
Increase/(decrease) in trade payables and accruals	22,451	(27,216)
Increase/(decrease) in other liabilities	(35,345)	(31,221)
Increase/(decrease) in provisions	(13,195)	31,673
Cash flow from operations	<u>1,427,545</u>	<u>1,022,135</u>
<b>(b) Credit Standby Arrangements with Banks</b>		
Credit facility	1,136,000	2,093,000
Amount utilised	<u>(700,000)</u>	<u>(1,700,000)</u>
	<u>436,000</u>	<u>393,000</u>

The major facilities are summarised as follows:

Bank overdraft - \$100,000 (2010: \$100,000):

Bank overdraft facilities are arranged with the Westpac Bank with the general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustment.

The interest rate at 31 May 2011 was 11.06% (2010: 10.71%).

Bank Business Loan Facility - \$700,000 (2010: \$1,700,000):

Bank Business Loan Facility is provided by the Westpac Bank in accordance with normal terms and conditions of the Bank with annual reviews. The bank loan had available funds of \$336,000 as at 31 May 2011.

The interest rate at 31 May 2011 was 6.81% (2010: 5.62%).

Finance facilities will be provided under all facilities provided the Company has not breached any borrowing requirements and the required conditions are met.

These Financial Statements should be read in conjunction with the attached independent audit report 24

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 18 Disclosures on Key Management Personnel

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

#### (a) Directors

During the financial year the following Directors held office:

Robert J LANGHAM	Michael HAYES
Neville E SCHWARTZ	Ian BINDER
Robyn BIDDLE	Reginald LUCAS
Anthony NEWELL	Adrian W FAKES
James CRANNA	Rex W HOLIHAN
Bruce THOMPSON	Keith ISON

#### (b) Other Key Management Personnel

The following persons also had responsibility for planning, directing and controlling the activities of the Company, directly or indirectly during the financial year:

Name	Position
Larry Collins	(Chief Executive Officer)
Michael Garrihy	(Operations Manager)

#### (c) Key management personnel compensation

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

	2011	2010
	\$	\$
Short-term employee benefits	261,901	253,753
Post-employment benefits	20,918	33,546
Other long-term benefits	6,815	19,578
Termination benefits	-	-
	<u>289,634</u>	<u>306,877</u>

#### (d) Related Party Transactions

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

These Financial Statements should be read in conjunction with the attached independent audit report 25

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 19 Financial Risk Management

#### **Financial Risk Management Policies**

The Company's financial instruments consist mainly of cash and cash equivalents, accounts receivable and payables, bank overdrafts and loans.

The Company does not have exposure to any derivative financial instruments.

The Company manages its capital to ensure that the Company will be able to continue as a going concern. The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 13, cash and cash equivalents and retained earnings.

The Company's Board of Directors and management review the capital structure on a monthly basis and when the annual budget is prepared. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

The Directors of the Company meet on a regular basis to analyse interest rate exposure and to evaluate management strategies in the context of the most recent economic conditions and forecasts. This analysis is performed with reference to information provided by the Company's financial advisors.

#### ***Financial Risk Exposures and Management***

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk. The Company is not exposed to fluctuations in foreign currencies and to any material commodity price risk. The Company does not enter into or trade financial instruments for speculative purposes.

#### **(a) Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk may arise from exposures to customers and deposits with financial institutions.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial statements.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

As at 31 May 2011 the Company had funds of \$122,547 (2010: \$49,687) deposited with the Westpac Bank.

These Financial Statements should be read in conjunction with the attached independent audit report 26

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 19 Financial Risk Management (continued)

#### (b) Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to its financial liabilities.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The following table reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

The timing of cash flows to settle financial liabilities, presented in the table below, reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

#### *Financial liability and financial asset maturity analysis*

	Within 1 Year		1 to 5 Years		Over 5 Years		Total Contractual Cash Flow	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets - cash flows realisable</b>								
Cash and cash equivalents	320,582	244,882	-	-	-	-	320,582	244,882
Trade and other receivables	41,455	59,317	-	-	-	-	41,455	59,317
<b>Total contractual outflows</b>	<b>362,037</b>	<b>304,199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>362,037</b>	<b>304,199</b>
<b>Total Financial Assets</b>	<b>362,037</b>	<b>304,199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>362,037</b>	<b>304,199</b>
<b>Financial liabilities due for payment</b>								
Bank loan	700,000	-	-	1,700,000	-	-	700,000	1,700,000
Trade and other payables	802,778	609,079	-	-	-	-	802,778	609,079
<b>Total anticipated inflows</b>	<b>1,502,778</b>	<b>609,079</b>	<b>-</b>	<b>1,700,000</b>	<b>-</b>	<b>-</b>	<b>1,502,778</b>	<b>2,309,079</b>
<b>Net (outflow)/inflow on financial instruments</b>	<b>(1,140,741)</b>	<b>(304,880)</b>	<b>-</b>	<b>(1,700,000)</b>	<b>-</b>	<b>-</b>	<b>(1,140,741)</b>	<b>(2,004,880)</b>

These Financial Statements should be read in conjunction with the attached independent audit report 27

# Port Macquarie City Bowling Club Limited

ABN 71 001 056 211

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2011

### Note 19 Financial Risk Management (continued)

#### (c) Market Risk

##### *Interest rate risk*

The Company's main exposure to the risk of changes in market interest rates relates to the Company's long term debt obligations and cash at bank. The interest rate applicable to the Company's business loan facility is currently a variable rate of 6.81% p.a (2010: 5.62%).

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect cash flows.

##### **Sensitivity Analysis**

The following sensitivity analysis is based on the interest rate risk exposures in existence at the Balance Sheet date for interest bearing financial assets and financial liabilities.

	<b>Carrying Amount</b>	<b>-0.5% Profit</b>	<b>-0.5% Equity</b>	<b>+0.5% Profit</b>	<b>+0.5% Equity</b>
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash and Cash equivalents	122,547	(613)	(613)	613	613
<b>Financial Liabilities</b>					
Bank loans and overdrafts	700,000	3,500	3,500	(3,500)	(3,500)
<b>Increase/(decrease)</b>		<u>2,887</u>	<u>2,887</u>	<u>(2,887)</u>	<u>(2,887)</u>

##### **Net Fair Values**

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

### Note 20 Capital Risk Management

The Directors and management ensure there is sufficient capital for the Company to fund its operations and continue as a going concern. The Company relies on working capital and debt finance for its sources of funds.

The Board of Directors and management review capital requirements on a regular monthly basis and an annual budget is prepared to plan for future capital commitments.

### Note 21 Company Details

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

Port Macquarie City Bowling Club Limited  
4 Owen Street  
Port Macquarie NSW 2444

These Financial Statements should be read in conjunction with the attached independent audit report 28

# Port Macquarie City Bowling Club Limited


ABN 71 001 056 211

## DIRECTORS' DECLARATION

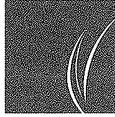
The directors of the Company declare that:

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 Accounting Standards and the *Corporations Regulations 2001*; and
  - (b) give a true and fair view of the financial position as at 31 May 2011 and of the performance for the year ended on that date of the Company; and
  - (c) comply with International Financial Reporting Standards as disclosed in Note 1.
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.

Chairman: .....  
  
Robert J LANGHAM

Dated this 3rd day of August 2011



**NorthCorp**  
accountants

**PARTNERS**  
Mark Hathedy B Com FCA  
Winifred Gibson F11A Affiliate ICAA  
Robert Magnusson B Bus FCA  
Paul Fahey B Bus CA  
Rodney Smith B Fin Admin FCA  
Tory Faulder B Com CPA Affiliate ICAA  
Bart Lawler B Com CA

## **Independent Auditor's Report to the Members of Port Macquarie City Bowling Club Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Port Macquarie City Bowling Club Limited, which comprise the Statement of Financial Position as at 31 May 2011, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration

### ***Directors' Responsibility for the Financial Statements***

The Directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial Statements and notes comply with IFRS.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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. 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 statements.

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



**Chartered Accountants**

Chartered Accountants

Suites 1-3 Bourne House, 10-12 Short Street, PO Box 166, Port Macquarie NSW 2444

T 02 6588 4444 F 02 6583 4527 E northcorp@northcorp.com.au www.northcorp.com.au

Liability Limited by a scheme approved under Professional Standards Legislation

## Independent Auditor's Report to the Members of Port Macquarie City Bowling Club Limited

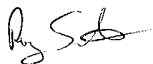
### **Independence**

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

In our opinion:

- (a) the financial statements of Port Macquarie City Bowling Club Limited are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's financial position as at 31 May 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

### **NorthCorp Accountants**



**Rodney Smith**  
Partner

10-12 Short Street  
Port Macquarie NSW 2444

3 August 2011



**PAYNTER DIXON**

HOSPITALITY

[www.paynterdixon.com.au](http://www.paynterdixon.com.au) | Ph: 02 9797 5555

**ARISTOCRAT**

[www.aristocratgaming.com](http://www.aristocratgaming.com)



## The Governor's Retirement Resort

Serviced apartments at reduced prices starting from \$90,000\*

Serviced apartments at The Governor's Retirement Resort offers independent living with an additional level of home assistance allowing you more time to enjoy the lifestyle you deserve. Our focus is on wellbeing with serviced apartment residents enjoying:

- nutritious meals prepared daily by our on-site chef
- weekly apartment cleaning
- regular laundering of bed linen and towels
- 24-hour on-site personal care support
- assistance with taking medication
- full use of The Governor's Retirement Resort's community facilities including a residents' lounge, indoor bowls room, library and barbecue area.

**For further information or to arrange an inspection of the serviced apartments available please phone 6581 1322.**

The Governor's Retirement Resort  
166 River Park Road, Port Macquarie  
[www.australianunity.com.au/thegovernors](http://www.australianunity.com.au/thegovernors)

*Come Home to Something Special\** Australian Unity

\*Price is correct at time of printing and is subject to change.  
Australian Unity Retirement Living Services Limited ACN 085 317  
595 Level 14, 114 Albert Road, South Melbourne, Victoria 3205.

**🔊 a better place is just around the corner**

credit cards | insurance | mortgage broking | personal loans | home loans

### **Drop into Aussie Port Macquarie**

90 Lord Street

02 6584 5500

[aussie.com.au/portmacquarie](http://aussie.com.au/portmacquarie)

 Aussie

Credit Cards, Insurance and Personal Loans are provided under agreement with other credit and insurance providers

# WIGGLY TAIL



## PORK SHOP & BUTCHERY

*Home of the famous Wiggly Tail Pork & Ham*

*Try some today!*

Delivering to your door between SYDNEY and BRISBANE!

Ocean Drive, North Haven - **6559 9393** • Bold Street, Laurieton - **6559 9057**  
Gordon Street, Port Macquarie - **6583 6222**

[www.wigglytail.com.au](http://www.wigglytail.com.au)



## TOOHEYS GOLD

## XXXX GOLD

*Maximum  
Prize Money*  
**\$20,000**

*2012 Grade 6 & 7*  
**2 BOWL  
TRIPLES  
TOURNAMENT**

Contact Bowls Office for More Information



# VIVALAS vegas

Promotion Commences 27th June  
Would you like the chance  
to win **FOUR** fantastic holidays  
to Las Vegas valued at **\$22,000?**



**Your Vegas Experience  
will include:**

**Return Economy tickets  
to Las Vegas for two (2)**

**Five nights twin share  
accommodation**

**Transfers to and from  
Las Vegas airport**

**Breakfast for two (2)**

**\$500.00 Spending  
money**



**How To Enter:**

Members will receive tickets as follows:  
**Having membership cards  
inserted into the card reader  
while playing poker machines**

**Spending \$5.00 or more at any bar**

Swipe membership cards at the  
member's swipe terminal during  
the following times:

9.00am to 1.00pm

2.00pm to 6.00pm

7.00pm to 10.00pm



**One holiday to be won at each of the major draws which will occur on the following dates:**

**Sunday July 31st      Sunday August 28th**

**Sunday September 25th      Sunday October 23rd**

**Terms & Conditions**

The winner must be present at the time of draw and must be over 21 years of age to claim the prize. The travel prize is valued at \$5000.00 (excluding spending money); the prize must be booked through Debra Deane at Travel Managers and can be varied to suit the winner. Any amount above \$5000.00 will be at the winner's expense. The winner is also responsible for obtaining passports, travel insurance and travel visas.

LTPS/11/04463

**BOOK  
YOUR CHRISTMAS  
PARTY TODAY!**

**FANCY  
A GAME  
OF BOWLS?**

**TRY A  
BAREFOOT  
BOWLS  
PARTY**

**CATERING AVAILABLE, EQUIPMENT PROVIDED,  
NO EXPERIENCE REQUIRED AND  
FUN GUARANTEED!**

**TO BOOK YOUR PARTY  
CONTACT JORDAN HUMPHRIES  
ON 6583 1133 OR [JORDAN@PORTCITY.COM.AU](mailto:JORDAN@PORTCITY.COM.AU)**

*a New Years like no other!*

**CELEBRATE THE ARRIVAL OF 2012**

with

# *The Lamplighters*

*Port City*  
BOWLING CLUB

**FROM  
8.30PM**



**SEE  
RECEPTION  
FOR MORE  
DETAILS**

**BOOK YOUR TICKETS NOW  
FOR OUR SENSATIONAL SEAFOOD BANQUET  
COMPLIMENTED BY SUMPTUOUS ASIAN DELICACIES!**

SPOIL DAD THIS  
**FATHER'S DAY**

AT PORT CITY

**SUNDAY 4TH SEPTEMBER**

**\$11**  
**LUNCH**  
AT CLUB BUFFET  
FROM 11.30AM

**ALL DADS**  
GO INTO THE DRAW  
TO WIN A  
**\$500**  
**TOOHEY'S**  
**HAMPER!**

*Port City*  
BOWLING CLUB



celebrate  
**CHINESE**  
**NEW YEAR**

sunday 22nd january

Sumptuous Asian Banquet + Seafood Buffet

5.30pm & 7.30pm Sittings

\$25 per person

4 - 7 yrs - \$12.50

8- 12 yrs - \$15.00

Bookings Essential 6584 6113



*Port City*  
BOWLING CLUB

# the WHEEL



**WIN!**

Electrical, Manchester Glassware  
& other Fantastic Prizes!

**WHEN?** EVERY SUNDAY from 2.30pm

**HOW?**

Member's will receive tickets between 12 noon and 2.30pm as follows:

Having membership card inserted into the card reader while  
playing poker machines

Spending \$5.00 or more at any bar

Swipe your membership card through the swipe terminal

LPTS Pending

## SUPER SUNDAY RAFFLE

# JOKER JACKPOT

Two cartoon jokers in suits and hats, one on the left and one on the right, holding cards. They are positioned around the word 'JOKER' in the main title.

FOR YOUR CHANCE TO WIN THE JACKPOT,  
PURCHASE **\$10.00** WORTH OF RAFFLE TICKETS  
TO RECEIVE YOUR BONUS DRAW TICKET

ONE DRAW WILL TAKE PLACE EVERY WEEK AT THE  
CONCLUSION OF THE SUPER SUNDAY RAFFLE.

*Port City*  
SOUTHERN CROSS

# Christmas HAM Raffles

Wednesday 30th November  
7th, 14th & 21st December

Tickets on Sale from 5pm  
Draw Commences from 6.30pm

Buy \$5 worth of Tickets  
& receive \$5 worth FREE!



# CHRISTMAS TOY RAFFLE

SATURDAY 10TH DECEMBER

**\$4000 IN TOYS  
TO BE WON!**

**DRAW COMMENCES AT 5PM  
BUY \$10 WORTH OF TICKETS  
AND RECEIVE  
\$10 WORTH FREE!**



## Notes

## Notes



Port Macquarie City Bowling Club  
4 Owen Street, Port Macquarie 2444

**Club Reception** 6583 1133  
**Bowls Office** 6583 1153

[www.portcity.com.au](http://www.portcity.com.au)