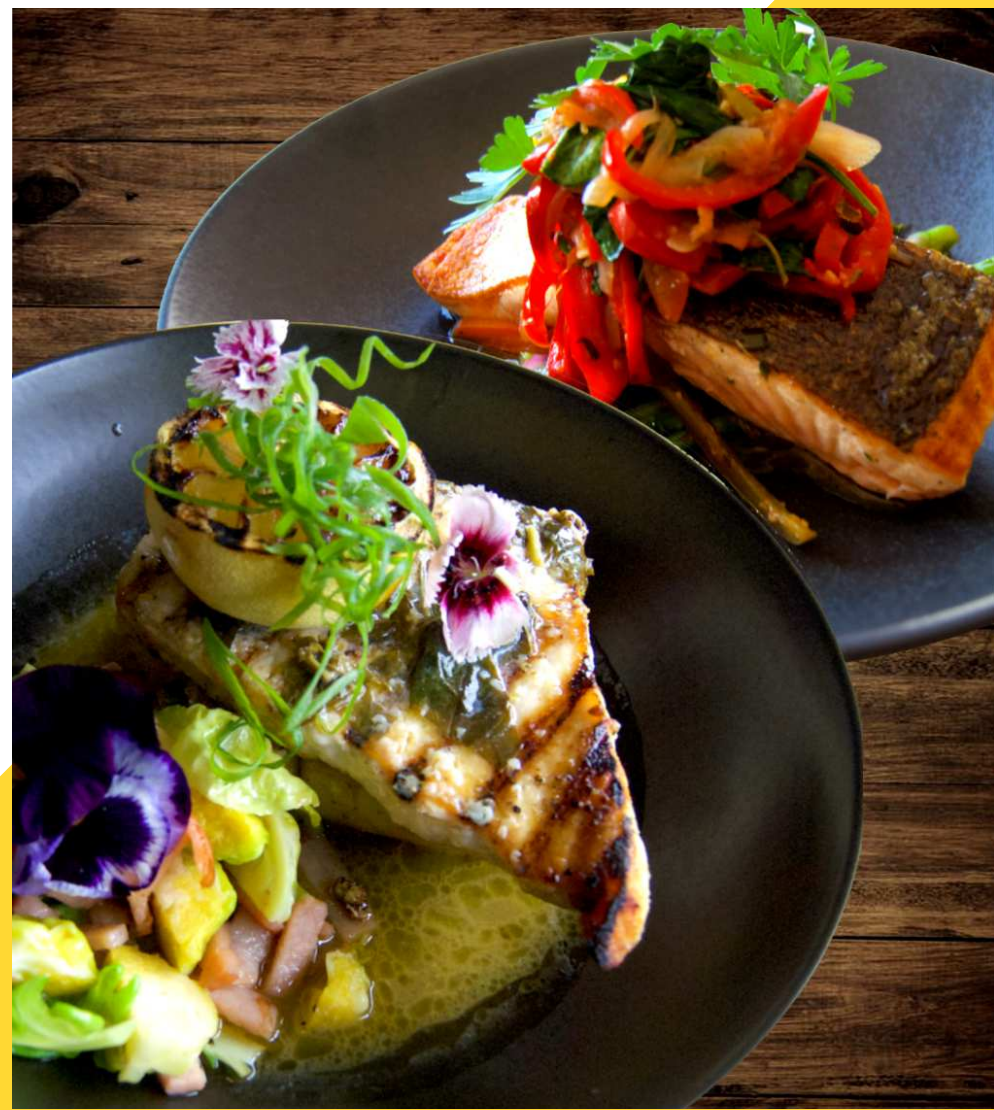
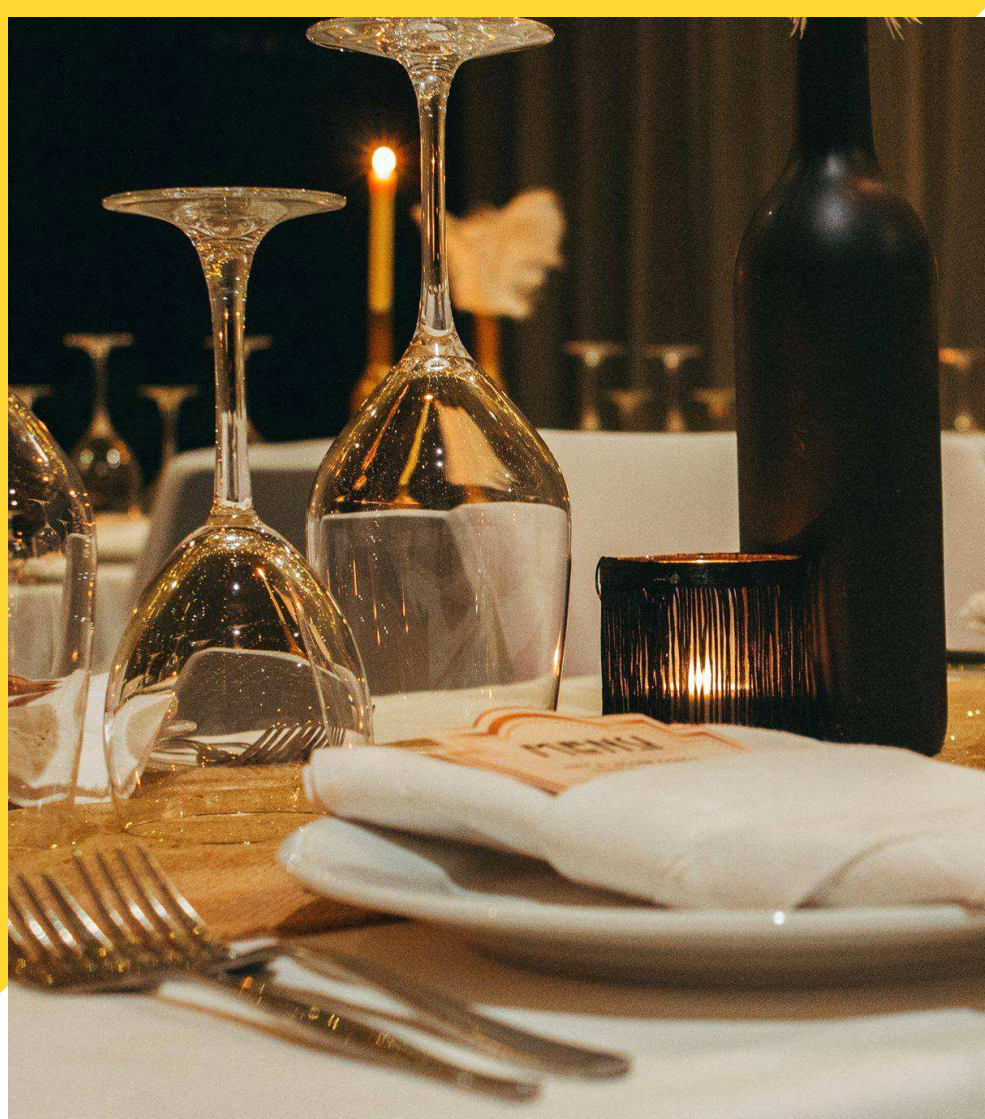




Clubs NSW
CHEF'S
TABLE
2018
FINALIST



69TH FINANCIAL REPORT

TO BE PRESENTED AT THE ANNUAL GENERAL MEETING
SUNDAY 16TH SEPTEMBER 2018 @9:30AM

ABN: 20 001 023 150

It feels good 2 give!

YOUR CLUB IS PROUD TO DONATE AND BE ASSOCIATED WITH THE FOLLOWING ORGANISATIONS

Bowra Netball Club

Nambucca Heads Women's Bowling Club

Beaches Netball Club

Give me 5 for Kids

Nambucca Valley Country Music Club

Jeans for Genes

Nambucca Junior Surf Lifesaving

Ken Howard Memorial Bowls Carnival

Legacy

Nambucca District Little Athletics

Lucy Spain

Luke Shepperd

Nambucca Heads Men's Bowling Club

Nambucca & District Darts

Nambucca District Junior Cricket

Nambucca Heads Men's Shed

Nambucca Naval & Mariners

Nambucca Bowling Club Twilight Bowls

Nambucca Valley Netball Association

Newee Creek Rural Fire Service

Ngambaga Bindarry

Nambucca Heads Junior Rugby League

Nambucca Off Shore Fishing Club

Pink Ribbon Day

Rivers Netball Club

Remembrance Day

Daffodil Day

Nambucca RSL Sub Branch

Sparra's Boxing & Fitness

St Patrick's Primary School

Strikers Football Club

UHA Bingo

Ulysses Motor Bike Club

Valley Vipers Netball Team

**Audrey Abercrombie Memorial Bowls
Carnival**

Nambucca Hibiscus Pairs Bowls Carnival

Nambucca Heads Bowling & Recreation Club Limited

20 001 023 150

OFFICE BEARERS 2017-2018

PATRONS: E. Gannon and J. Phillips

CHAIRPERSON: T. Stokes

VICE CHAIRPERSON: J. Kent

HON. TREASURER: J. Hill

DIRECTORS: L. Hill, J. Phillips, W. Bennett, G. Wallbank & R. Hunt

CEO: P. Coulton

AUDITORS: HLV Audit Pty Ltd

NAMBUCCA HEADS MEN'S BOWLING CLUB

OFFICE BEARERS 2017-2018

PATRONS: E. Gannon and J. Phillips

PRESIDENT: T. Stokes

SENIOR VICE PRESIDENT: T. Harvey

JUNIOR VICE PRESIDENT: W. Bevan

HON. SECRETARY: F. Pope

HON. TREASURER: T. Stokes

COMMITTEE: C. Ross, D. Lawrence, B. Redman & R. Hunt

BOWLS ORGANISER: M. Boyle

KEN HOWARD MEMORIAL CARNIVAL COMMITTEE

OFFICE BEARERS 2017-2018

CHAIRMAN: T. Stokes

SECRETARY: F. Pope

COMMITTEE: D. Lawrence, T. Harvey & R. Hunt

NAMBUCCA HEADS WOMEN'S BOWLING CLUB

OFFICE BEARERS 2017-2018

PATRON: L. Birse

PRESIDENT: C. Hunt

VICE PRESIDENTS: B. Jones & J. Brown

HON. SECRETARY: L. Hartmann

HON. TREASURER: G. Richardson (res.), M. Lawrence

MATCH COMMITTEE CHAIRPERSON: E. Fleming & P. Fletcher

COMMITTEE: A. Duffus, J. Schneider, R. Roberts (res.) & M. Fischer

DELEGATES: C. Hunt, M. Lawrence, P. Smith

PUBLICITY: P. Smith

SELECTION CHAIRPERSON: P. Smith, J. Nicholas & M. Dwartie

NOTICE TO ALL MEMBERS

**The Annual General Meeting of the Nambucca Heads
Bowling and Recreation Club Limited will be held at the Clubhouse,
Nelson Street, Nambucca Heads on Sunday, 16th September 2018 at 9.30am**

AGENDA

1. Meeting to be declared open and apologies received.
2. Minute of silence for departed members
3. To adopt and confirm the Minutes of the previous Annual General Meeting.
4. To receive and consider the reports of the Board of Directors for the year ended 31st May 2018.
5. To receive and consider the Declaration of Directors for the year ended 31st May 2018.
6. To receive and consider the Statement of Profit or Loss and other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended 31st May 2018 and the Auditors Report for that period.
7. The Election of the Board of Directors and Office Bearers for the Club as per the Club's Constitution.
8. To deal with the Ordinary Resolution in the notice herewith.
9. To deal with any other approved business of which due notice has been given.
10. To deal with any other business by way of recommendation to the Board of which the meeting may approve.
11. Closure

Members are requested to provide notice of any questions such as those relating to specific legislative or financial matters to the Clubs CEO at least ten (10) days prior to the Annual General Meeting, in order that the answers thereto may be researched, if required, and a complete answer given.

Dated at Nambucca Heads this 25th Day of July 2018

By direction of the Board of Directors

Paul Coulton

CEO

PROPOSED NOTICE OF RESOLUTION

The following Resolution is an ordinary resolution and must be passed by at least 50% of the members attending the meeting and entitled to vote on the resolution:

1. Pursuant to the Registered Clubs Act 1976, the members hereby approve and agree that the members of the Board, during the twelve (12) month period preceding the 2019 Annual General Meeting, receive the following benefits and the members further acknowledge that the benefits outlined in sub-paragraphs (i) to (v) below are not available to members generally but only those members who are elected Board Members of the Club and shall be limited to \$30,000.
 - (i) The reasonable cost of a meal and/or beverage for each Director when a Board or Committee Meeting corresponds with a normal meal time.
 - (ii) 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. These activities and the expenses are approved by the Board before payment is made on production of receipts, invoices or other proper documentary evidence of such expenditure.
 - (iii) The reasonable cost of provision of blazers, jackets, blouses and/or shirts and ties for the use of Directors whilst engaged on Club business.

Nambucca Heads Bowling & Recreation Club Limited

20 001 023 150

- (iv) The reasonable cost of Directors attending meetings of ClubsNSW and other affiliated associations of which the Club is a member.
- (v) The reasonable costs for the professional development and education of Directors including attendance at seminars, lectures, trade displays, study and fact finding tours and attendance to other clubs for the purpose of observing other club's facilities and methods of operations, as may be determined by the Board from time to time.

The Board has approved this Ordinary Resolution and recommends that members vote in favour of this resolution.

NAMBUCCA HEADS MEN'S BOWLING CLUB

NOTICE TO MEMBERS

The Annual General Meeting of the above Club will be held at the Clubhouse, Nelson Street, Nambucca Heads on Sunday, 16th September 2018 after completion of the Annual General Meeting of the Nambucca Heads Bowling & Recreation Club Limited

AGENDA

1. Consideration of the minutes of the 2017 Annual General Meeting.
2. Consideration of the President's Annual Report.
3. Consideration of the Income Statement for the year ending 31st May 2018.
4. Election of Committee.
5. Election of Sub-Committees.
6. Appointment of Patrons.
7. Consideration of Notices of Motion or Special Business.
8. Recommendations to the incoming Committee.

**Fred Pope - Honorary Secretary
Nambucca Heads Men's Bowling Club**

CHAIRPERSONS REPORT

2017 – 2018

This year has been another challenging and exciting year. The improvements to the club's facilities are moving our club forwards. The Board has approved the expenditure of over \$188 000 to create an atmosphere of comfort and enjoyment for our members and guests and to improve our gaming operations and loyalty scheme. The CEO's report details much of this expenditure.

Front of house the inclusive family friendly club that our Vision Statement aims towards is being created. The improvement in the lounge area furniture and the impressive linen table settings make the club an inviting place to visit. With continual improvements in the menus provided through the Crooked Bowl Restaurant and the decor of the dining area, along with specialised dining on our special degustation nights we are becoming a premier dining option in the Nambucca Valley

The development of our Bizikidz area has been a great source of delight to the board to see that families can attend the club with the realisation that children are well catered for with computers, play stations, free TV and a myriad of toys and activities in a safe and comfortable environment.

Sports HQ (TAB and Keno area) has continued to see improvements in decor and facilities to enhance the experience of members and guests in this area.

The Board in conjunction with Management and Staff are in the process of implementing our strong and sustainable Strategic Plan which will continue to see our club improve for the benefit of our members and guests.

It has been a pleasure to see the relationship between the Board and Management continue to be harmonious and for the Board and Management to be working together to achieve maximum outcomes for the benefit of our club.

The Board recognises the important part volunteers play in the efficient and economic operation of our club and thanks all volunteers for their valued contributions.

The Board offers its condolences to those who have lost loved ones over the past year and wishes those suffering illness our kindest thoughts.

Our vision of "Your Club, You're Invited" is being realised and the Board hopes that you will continue to enjoy the journey forward as we strive to realise our outcomes for the benefit of members and guests.

Tony Stokes
CHAIRPERSON

CEO'S REPORT

2017– 2018

I would like to take this opportunity to thank everyone who has supported the Club over the past year enjoying our facilities and the company of the many characters that make up our wonderful little Club. This year the Board and Management have focussed heavily on achieving a number of goals set out in the Strategic Plan. As a result, heavy investment back into the Club has occurred improving our facilities along with replacing outdated plant and equipment. There are still some identifiable replacements and repairs which will be necessary in the upcoming year, however, the most expensive improvements have already been dealt with over the past 2 years. This has been reflected in the financial results for these 2 periods.

A brief summary of this year's financial results show that the Club made a loss of \$230,573 improving by \$147,801 on the loss incurred the previous year. Total income for the year was down \$189,050, or 7.2%, with expenses also decreasing by \$418,851 or 13.6%. Our total current borrowings have increased by \$69,194 and non-current borrowings have reduced by \$33,972. Throughout the year we have made \$186,698 in payments on all of our borrowings. Some of these payments include utilising the IBD's that the Men's and Women's Bowling Clubs had in short term investments in order to reduce the interest being charged on our borrowings. Although we have returned a loss in the P&L we have maintained positive growth in our cashflow with operating activities improving by \$34,680 on last year.

This year we have continued to improve the facilities and experiences by investing another \$188,179 into property, plant and equipment. The majority of this spending relates to the introduction of a new loyalty program, upgrading the point of sale hardware, the conception of Bizikidz and the Crooked Taste, showcasing the amazing talents of our Chef's, all of which have been favourably received by many of our Members and Guests. Our Club is a valuable community asset and we recognise the importance of our role. This year, in a variety of forms, we donated a total of \$17,357 to assist many locals with their individual or community projects. We are very proud to be associated with so many people and organisations that are working to improve our community. We look forward to continuing these relationships for many years to come.

The Board and Management's vision of continuous improvement will be ongoing over the next 12 months, with many more of the Strategic Plan's objectives being realised. Moving towards a sustainable future, the Board and Management will be researching a variety of opportunities to increase revenue streams and combined with closely monitored expenditure an improvement in profitability is forecast. A big Thank You to the Board for their support and guidance throughout the year. I'm certain that the positive relationship between the Board and Management will be maintained and I look forward to working with you again.

To all of those members that have volunteered throughout the year, Thank You. I extend deepest sympathy on behalf of Management and staff to members families and friends that have lost loved ones throughout the year. For those suffering illnesses I wish you the speediest of recoveries. To my team, there are not enough words to describe how proud you make me feel with your dedication and commitment to achieving our vision of continuous improvement and a fully inclusive Club of mutual respect. Individually and collectively you are remarkable, and I look forward to another year of creating exciting opportunities on the foundations we have already laid.

Paul Coulton

CEO

Directors Report for the year ended 31st May 2018

Your directors present this report on the entity for the financial year ended 31st May 2018.

Directors

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

Tony Raymond Stokes**Chairperson**

Qualifications	–	School Teacher
Experience	–	Previous Chairperson

John Lochwood Kent**Vice Chairperson**

Qualifications	–	Administration & Human Resources
Experience	–	Previous Vice Chairperson

Jennifer Ann Hill**Treasurer (appointed AGM 10th September 2017)**

Qualifications	–	Business Management
Experience	–	Administration Manager

Gilbert Dennis Wallbank**Director (res. 21st December 2017)**

Qualifications	–	Graduate Dip. Ed & Administration
Experience	–	Previous Director/Treasurer

Leslie Arthur Hill**Director**

Qualifications	–	Finance Administrator
Experience	–	Previous Director

John Sydney Phillips**Director**

Qualifications	–	Accountancy
Experience	–	Previous Director

Wayne Bennett**Director**

Qualifications	–	Business Owner
Experience	–	Company Director

Raymond John Hunt**Director (appointed 1st January 2018)**

Qualifications	–	Green Keeper
Experience	–	(Current Director Vacancy)

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

Our Clubs Vision

Our Vision – Your club, You're Invited

You can expect:

- To be greeted in a warm and friendly manner
- To receive a high level of customer service
- The visual presentation of the Club will be welcoming with a pleasant ambience, appropriate aesthetics and a comfortable atmosphere.
- Our staff will have a knowledge of all products within the Club and be able to guide you in your selections.
- Management and staff will exercise ambassadorial skills in relation to the Club and to our community.
- We will be flexible and adaptable in meeting your needs so that your visit to our Club is rewarding and enjoyable.
- There will be thorough preparation for all activities within the Club.

Operating Results

The total comprehensive income/loss of the entity for the reporting period was -\$230,573
(2017:- -\$378,375)

Short term objectives of the Club

The Clubs short term objectives are:

- a) To maintain the Clubs facilities to a high standard which will maintain membership or increase it
- b) To provide excellent culture, hospitality services and recreational facilities that meet the needs of the members and the wider community
- c) To continually operate in a manner that ensures the long term viability of the Club
- d) To keep in touch with changes in the industry and methods of satisfying members needs

Long term objectives of the Club

The Clubs long term objectives are:

- a) To keep updating the Club building
- b) To keep updating the Clubs systems e.g beer, poker machines, gaming & entertainment
- c) To ensure the Board of Directors work to a plan limited by their authority and where an opportunity arises for further training that the Board take advantage of this
- d) To ensure that the Club is in a sound financial position to deal with future needs and developments

Strategy for achieving these objectives

The Nambucca Heads Bowling & Recreation Club Ltd is working with the current forecast and Strategic Plan created in conjunction with the Board, Management and staff which was developed in May 2017 and finalised & adopted in June 2017. All results are measured on a weekly, monthly and quarterly basis.

Monitor all Key Performance Indicators such as gross profit margins, wages to turnover ratios, net returns from trading and average return per poker machines are also monitored and measured on a weekly, monthly and quarterly basis.

Meetings of Directors

Nambucca Heads Bowling & Recreation Club Limited

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

Director's Name	Number eligible to attend	Number attended
Tony Stokes	15	15
John Lochwood Kent	15	15
Jennifer Ann Hill	15	13
Gilbert Dennis Wallbank	10	9
Leslie Arthur Hill	15	14
John Sydney Phillips	15	13
Wayne Bennett	15	13
Raymond Hunt	5	4

Corporate Information

The Club is a “not for profit” entity, registered as a company limited by guarantee. Under its constitution the company is prohibited from the payment of dividends to its members. Any surplus on winding up will be distributed to an organisation which has similar objects as dictated by the Constitution.

If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$1 each towards any outstanding obligations of the company.

At 31st May 2018, the total amount that members of the company are liable to contribute if the company wound up is \$1651 (2017 - \$1337)

Indemnifying Officers or Auditors

The Club has not during or since the financial year in respect of any person who is or has been an officer or auditor of the club:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings: or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability as an officer for the costs or expenses to defend the legal proceedings; with the exception of the following matters:

During or since the end of the financial year, the club has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The club has paid premiums to insure each director against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as director of the club, other than conduct involving a wilful breach of duty in relation to the club.

Auditor's Independence Declaration

Nambucca Heads Bowling & Recreation Club Limited

20 001 023 150

The auditor's independence declaration for the year ended 31st May 2018 has been received and can be found on page 11.

Signed in accordance with a resolution of the Board of Directors made pursuant to Section 298(2) of the Corporations Act (2001)



T. Stokes
Chairperson



J. Kent
Vice Chairperson

CLUB PROPERTY DECLARATIONS

Pursuant to Section 41J(2) of the Registered Clubs Act the Directors declare that, for the financial year ended 31st May 2018, the classifications of the property held are as follows:

<u>Property address</u>	<u>Current Usage</u>	<u>Classification</u>
Lot 8 in DP758749	Club house, grounds, car park and greens	Core
Lot 422 in DP755550	Club house, greens and grounds	Core
Lot 2 in DP46053	Club house & grounds	Core
Lot 2 in DP113103	Greens & grounds	Core
Lot 1 in DP75849	Club grounds	Non Core
Lot 2 in DP830617	17 Bank Street Nambucca Heads	Non Core
Lot 1 in DP836017	19 Bank Street Nambucca Heads	Non Core

1. Section 41J(2) of the Registered Clubs Act requires the annual report to specify the core property and non-core property of the Club as at the end of the financial year to which the report relates.
2. Core property is any real property owned or occupied by the Club that comprises:
 - (a) The defined premises of the Club; or
 - (b) Any facility provided by the Club for use of its members and their guests;
or
 - (c) Any other property declared by a resolution passed by a majority of the members present at a general meeting of ordinary members of the Club to be core property of the club.
3. Non-core property is any other property other than that referred to above as core property and any property which is declared by the members at a general meeting of ordinary members of the Club not to be core property.
4. The significance of the distinction between core property and non-core property is that the Club cannot dispose of any core property unless:

- (a)The property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and
- (b)The disposal has been approved at a general meeting of the ordinary members of the club at which the majority of the votes cast support the approval; and
- (c)Any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer.

5. These disposal provisions and what constitutes a disposal for the purposes of section 41J are to some extent modified by regulations made under the Registered Clubs Act and by Section 41J itself. For example, the requirements in paragraph 4 above do not apply to:

- Core property that is being leased or licenced for a period not exceeding 10 years on terms that have been the subject of a valuation by a registered valuer
- Core property that is leased or licensed to a telecommunications provider for the purposes of a telecommunications tower

Signed in accordance with a resolution of the Board of Directors



T. Stokes
Chairperson



J. Kent
Vice Chairperson

Dated this day 25th July 2018

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Nambucca Heads Bowling & Recreation Club Limited:

I declare that, to the best of my knowledge and belief, during the year ended 31 May 2018, 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.

HLV Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'A. Hooykaas'.

Aart Hooykaas, Director

Nambucca Heads, NSW

25 July 2018

MACKSVILLE

18 Wallace Street
PO Box 27
MACKSVILLE NSW 2447

P 02 6568 3000
F 02 6568 1600
E macksville@hlv.com.au

NAMBUCCA HEADS

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NAMBUCCA HEADS NSW 2448

P 02 6568 6197
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E nambucca@hlv.com.au

URUNGA

15 Bonville Street
URUNGA NSW 2455

P 02 6655 5530
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E urunga@hlv.com.au

HLV AUDIT PTY LTD

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AAC 478051

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Liability limited by a Scheme approved
under Professional Standards Legislation.

Nambucca Heads Bowling & Recreation Club Limited

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 May 2018

	Note	2018 \$	2017 \$
INCOME			
Poker Machine Revenue		873,136	1,001,592
Bar Sales		787,713	826,761
Dining Room Sales		440,257	441,702
Commissions		95,130	100,171
Green Fees		41,230	33,615
Membership Subscriptions		6,309	7,388
Club Raffles		79,023	81,750
Fundraising & Donations		34,253	33,775
Gaming Offset Rebate		17,180	17,180
Insurance Recovery		14,210	32,908
Bank Interest		806	1,992
Rental Income		14,560	14,330
Gain on Disposal of Asset	5(a)	-	4,209
Other income		20,981	16,465
Total Income		2,424,788	2,613,838
EXPENSES			
Cost of Goods Sold - Bar		(374,230)	(373,004)
Cost of Goods Sold - Dining Room		(211,951)	(217,722)
Employee benefits expense		(1,021,608)	(1,059,654)
Depreciation and amortisation expense	5(a)	(206,299)	(271,837)
Impairment Loss on Assets	5(a)	-	(131,678)
Finance costs		(23,513)	(16,982)
Repairs & Maintenance		(98,754)	(150,965)
Entertainment & Promotions		(273,575)	(296,357)
Poker Machine Tax		(8,105)	(33,817)
Loss on Disposal of Assets	5(a)	-	(45,633)
Other operating expenses		(437,326)	(476,563)
Total Expenses		(2,655,361)	(3,074,212)
Profit before income tax		(230,573)	(460,374)
Income tax expense	1(k)	-	-
Profit for the year		(230,573)	(460,374)
Other comprehensive income:			
Net gain on revaluation of land	5	-	82,000
Total comprehensive income for the year		(230,573)	(378,374)

The accompanying notes form part of these financial statements.

Statement of Financial Position

31 May 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	56,114	122,771
Trade and other receivables	3	12,645	21,972
Inventories	4	41,534	44,578
Other assets	7	5,383	6,283
TOTAL CURRENT ASSETS		115,676	195,604
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,188,255	3,206,568
Intangible assets	6	93,171	93,171
TOTAL NON-CURRENT ASSETS		3,281,426	3,299,739
TOTAL ASSETS		3,397,102	3,495,343
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	162,542	159,651
Borrowings	9	365,878	296,684
Short-term provisions	10	16,824	27,627
Employee benefits	12	18,660	17,058
Other liabilities	11	47,678	21,137
TOTAL CURRENT LIABILITIES		611,582	522,157
NON-CURRENT LIABILITIES			
Borrowings	9	23,717	57,689
Employee benefits	12	15,088	12,209
Other liabilities	11	74,000	-
TOTAL NON-CURRENT LIABILITIES		112,805	69,898
TOTAL LIABILITIES		724,387	592,055
NET ASSETS		2,672,715	2,903,288
EQUITY			
Reserves		1,230,501	1,230,501
Retained earnings		1,442,214	1,672,787
TOTAL EQUITY		2,672,715	2,903,288

The accompanying notes form part of these financial statements.

Nambucca Heads Bowling & Recreation Club Limited

20 001 023 150

Statement of Changes in Equity

For the Year Ended 31 May 2018

2018

	Retained Earnings	Revaluation Reserve	Total
Note	\$	\$	\$
Balance at 1 June 2017	1,672,787	1,230,501	2,903,288
Profit/ (Loss) for the year	(230,573)	-	(230,573)
Balance at 31 May 2018	1,442,214	1,230,501	2,672,715

2017

	Retained Earnings	Revaluation Reserve	Total
Note	\$	\$	\$
Balance at 1 June 2016	2,133,161	1,148,501	3,281,662
Profit / (Loss) for the year	(460,374)	-	(460,374)
Revaluation increment (decrement)	-	82,000	82,000
Balance at 31 May 2017	1,672,787	1,230,501	2,903,288

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 May 2018

		2018	2017
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		2,792,878	2,844,421
Payments to suppliers and employees		(2,683,868)	(2,777,808)
Interest received		806	1,992
Interest paid		(23,513)	(16,982)
Net cash provided by (used in) operating activities	19	86,303	51,623
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(158,659)	(335,477)
Net cash used by investing activities		(158,659)	(335,477)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		255,000	239,000
Repayment of borrowings		(186,698)	(21,139)
Payment of finance lease liabilities		(62,604)	(84,997)
Net cash used by financing activities		5,698	132,864
Net increase (decrease) in cash and cash equivalents held		(66,658)	(150,990)
Cash and cash equivalents at beginning of year		122,772	273,761
Cash and cash equivalents at end of financial year	2	56,114	122,771

Notes to the Financial Statements

For the Year Ended 31 May 2018

The financial report covers Nambucca Heads Bowling & Recreation Club Limited as an individual entity. Nambucca Heads Bowling & Recreation Club Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The principle activities of the Company for the year ended 31 May 2018 were operating as a Registered Club.

The functional and presentation currency of Nambucca Heads Bowling & Recreation Club Limited is Australian dollars.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

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

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.

(b) Comparative figures

Comparatives are consistent with prior years, unless otherwise stated.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

(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 shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations by external independent valuers, less subsequent depreciation and impairment losses for buildings.

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against this reserve directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income.

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

Notes to the Financial Statements

For the Year Ended 31 May 2018

1 Summary of Significant Accounting Policies

(d) Property, plant and equipment

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of plant & equipment is depreciated on a straight-line basis (using prime cost percentages indicated below) over the asset's useful life to the Company commencing from the time the asset is held ready for use. Buildings are depreciated under the prime cost method. Land is not depreciated.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% - 4%
Plant and Equipment	5% - 40%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. During the year ended 31 May 2017, the depreciation method for plant and equipment was reviewed and the entity changed the method from diminishing value to prime cost.

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 and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Financial instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Notes to the Financial Statements

For the Year Ended 31 May 2018

1 Summary of Significant Accounting Policies

(e) Financial instruments

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 in an arm's length transaction. 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:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) 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
- (d) 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.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

(i) Loans and receivables

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

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 year.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the Financial Statements

For the Year Ended 31 May 2018

1 Summary of Significant Accounting Policies

(f) Impairment of non-financial assets

At the end of each reporting year, 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. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other 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.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(g) 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 which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the 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. The effect of discounting is not considered material and therefore has not been performed.

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

(i) Provisions

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

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Trade and other payables

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

Notes to the Financial Statements

For the Year Ended 31 May 2018

1 Summary of Significant Accounting Policies

(k) Income tax

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

(l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

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

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(m) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

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

Rendering of services

Revenue in relation to rendering of services is recognised upon delivery of the service to customers.

Rental income

Rental property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Notes to the Financial Statements

For the Year Ended 31 May 2018

1 Summary of Significant Accounting Policies

(m) Revenue and other income

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the period of membership.

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

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax 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 the 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.

(o) Critical accounting estimates and judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made relate to depreciation rates and long service leave entitlements.

(p) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 May 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

2 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank and in hand	55,949	60,435
Short-term bank deposits	165	62,336
	56,114	122,771

Notes to the Financial Statements

For the Year Ended 31 May 2018

3 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Other receivables	12,645	21,972
Total trade and other receivables	12,645	21,972

4 Inventories

	2018	2017
	\$	\$
CURRENT		
At cost:		
Bar and Catering Stock	40,142	44,448
Other Inventory and Consumables	1,392	130
Total Inventories	41,534	44,578

5 Property, Plant and Equipment

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At directors' valuation	1,269,000	1,269,000
Buildings		
At directors' valuation	1,280,203	1,280,203
Accumulated depreciation	(118,837)	(85,149)
Total buildings	1,161,366	1,195,054
Total land and buildings	2,430,366	2,464,054
PLANT AND EQUIPMENT		
Plant and Equipment at cost	2,264,592	2,097,556
Accumulated depreciation	(1,583,207)	(1,452,570)
Total plant and equipment	681,385	644,986
BOWLING GREENS AT COST	607,518	607,518
Accumulated depreciation	(373,237)	(352,213)
Accumulated impairment losses	(157,777)	(157,777)
Total Bowling Greens	76,504	97,528
Total property, plant and equipment	3,188,255	3,206,568

Notes to the Financial Statements

For the Year Ended 31 May 2018

5 Property, Plant and Equipment

As at 31 May 2018, the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the independent valuers in 2014 and have reviewed the NSW Valuer General's Notice of Valuation for Club's land value at 1 July 2016. The Directors believe that the Valuer General's land valuation correctly reflected the fair value less cost to sell at 31 May 2017 and revalued the land using this as the basis. This revaluation resulted in an increase in the carrying amount of land of \$82,000 which was recognised in Other Comprehensive income and accumulated in equity under the heading Revaluation Surplus for the year ending 31 May 2017. The buildings were not revalued.

In the Director's opinion there have been no significant changes in the value of the land and buildings at 31 May 2018 and therefore no revaluation increase or decrease has been recorded in the current year.

The Clubs non-core property at 17 and 19 Bank Street is included in the Land and Buildings as it is being held for strategic purposes.

(a) Movements in Carrying Amounts

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

	Land	Buildings	Plant and Equipment	Bowling Greens	Total
Parent	\$	\$	\$	\$	\$
Year ended 31 May 2018					
Balance at beginning of the year	1,269,000	1,195,053	644,986	97,529	3,206,568
Additions	-	-	188,179	-	188,179
Disposals - written down value	-	-	(194)	-	(194)
Depreciation Expense	-	(33,687)	(151,586)	(21,025)	(206,298)
Balance at the end of the year	1,269,000	1,161,366	681,385	76,504	3,188,255

6 Intangible Assets

Poker Machine Entitlements

Cost

113,171

113,171

Accumulated amortisation and impairment

(20,000)

(20,000)

Total Intangibles

93,171

93,171

The poker machine entitlements are licenses purchased under current government regulation that allow the club to increase the number of poker machines it operates. It is considered that the life of the entitlements is indefinite, so the cost cannot be amortised. However, under the applicable accounting standards, intangible assets must be tested annually for impairment. Impairment on an asset occurs when the value of the carrying amount exceeds the recoverable amount. When this occurs the value of the asset must be reduced to the lower amount with the resulting loss being shown in the Statement of Comprehensive Income. The total write down recognised to date is \$20,000 as shown above. No movement was recognised this or last year as the estimated value in use of the Cash Generating Unit exceeds the carrying amount.

Notes to the Financial Statements

For the Year Ended 31 May 2018

7 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	5,383	6,283

8 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Trade payables	94,437	89,774
Accrued Annual Leave	39,353	21,747
Accrued expenses	19,301	15,844
Other payables	9,451	32,286
	<u>162,542</u>	<u>159,651</u>

(a) Financial liabilities at amortised cost classified as trade and other payables

	2018	2017
	\$	\$
Trade and other payables:		
- total current	<u>162,542</u>	<u>159,651</u>
Less:		
annual leave entitlements	<u>(39,353)</u>	<u>(21,747)</u>
Financial liabilities as trade and other payables	<u>123,190</u>	<u>137,904</u>

14

9 Borrowings

	2018	2017
	\$	\$
CURRENT		
Lease liability secured	58,588	60,477
Bank loans	307,290	236,208
Total current borrowings	<u>365,878</u>	<u>296,685</u>

	2018	2017
	\$	\$
NON-CURRENT		
Lease liability secured	23,717	54,910
Bank loans	-	2,779
Total non-current borrowings	<u>23,717</u>	<u>57,689</u>

13(a)

13(a)

Notes to the Financial Statements

For the Year Ended 31 May 2018

9 Borrowings

Summary of borrowing arrangements:

a) The Club has a commercial variable rate loan repayable by November 2018. Current minimum monthly payments are \$803.20 based on the balance due at report date.

b) In October 2017, the Club renegotiated the Business Line of Credit facility to increase the limit to \$400,000. This is a continuing credit contract with a variable interest rate. At 31 May 2018, the interest rate was 6.68% and the amount drawn was \$304,092 with a remaining balance available of \$95,908. As the contract has a repayable on demand clause, the balance has been classified as a current liability in accordance with AASB 101, para 69(d). Although the balance has been classified as current, the lender has confirmed that they will only call up the loan in the event of loan default. There have been no breaches or defaults during the year or since the end of the year until the date of this report.

The debts noted in a) and b) above are secured by registered first mortgages over land and improvements, being the club premises at Nelson Street, Nambucca Heads, and the properties at 17 & 19 Bank Street, Nambucca Heads, together with an equitable mortgage over all of the assets of the Club including the liquor license. The carrying amounts of these assets pledged as security are set out in notes (2) to (7) in these financial statements.

c) Finance leases as disclosed in note 13a.

10 Provisions

	2018	2017
	\$	\$
CURRENT		
Bonus Points Provision	16,824	27,627

11 Other Liabilities

	2018	2017
	\$	\$
CURRENT		
Subscriptions in advance	9,176	9,137
Other income in advance	10,902	12,000
Rebate received in advance	27,600	-
Total	47,678	21,137

	2018	2017
	\$	\$
NON-CURRENT		
Rebate received in advance	74,000	-

12 Employee Benefits

	2018	2017
	\$	\$
Long service leave - current	18,660	17,058
Long service leave - non-current	15,088	12,209
Total long service leave provision	33,748	29,267

Notes to the Financial Statements

For the Year Ended 31 May 2018

12 Employee Benefits

(a) Reconciliations

	2018	2017
	\$	\$
Beginning of the year	29,267	25,823
Current service cost	4,984	9,199
Past service cost	-	(4,282)
Benefits paid	(503)	(1,473)
End of year	33,748	29,267

13 Leasing Commitments

(a) Finance leases

Minimum lease payments:

- not later than one year	60,726	65,266
- between one year and five years	25,861	56,694
- less unexpired interest	(4,282)	(6,573)
Minimum lease payments	82,305	115,387

Finance leases relate to the lease agreements for Poker Machines and their related Type 4 licenses for terms of 36 months effective March 2016 and August 2016 and the QucikPay Customer Redemption Terminal effective April 2018 for a term of 36 months. The liabilities are secured by the underlying assets.

(b) Operating leases

	2018	2017
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	6,486	5,718
- between one year and five years	19,981	8,946
	26,467	14,664

The operating lease commitments are non-cancellable lease contracted for but not capitalised in the financial statements. These agreements relate to the rental of the following equipment:

a) Multifunction Photocopier effective June 2018 for a term of 60 months with monthly repayments of \$292.02.

b) Telstra telephone system and equipment effective April 2016 for a term of 60 months with monthly repayments of \$248.51.

No capital commitments exist in regards to these lease commitments at year end.

Notes to the Financial Statements

For the Year Ended 31 May 2018

14 Financial Risk Management

The main risks Nambucca Heads Bowling & Recreation Club Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts and leases.

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

		2018	2017
		\$	\$
Financial Assets			
Cash and cash equivalents		56,113	122,771
Total financial assets	2	<u>56,113</u>	<u>122,771</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	8(a)	123,190	137,904
- Borrowings	9	389,595	354,374
Total financial liabilities		<u>512,785</u>	<u>492,278</u>

15 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 1 each towards meeting any outstanding debts and obligations of the Company. At 31 May 2018 the number of members was 1651 (2017: 1,337).

16 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the Company is \$ 259,108 (2017: \$ 262,440).

17 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Company did not have any contingencies at 31 May 2018 (31 May 2017: None).

18 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. During the year, there were no related party transactions.

Notes to the Financial Statements

For the Year Ended 31 May 2018

19 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2018	2017
	\$	\$
Profit/ (Loss) for the year	(230,573)	(378,375)
Non-cash flows in profit:		
- depreciation	206,299	271,837
- impairment of property, plant and equipment	-	131,678
- net (gain)/ loss on disposal of property, plant and equipment	194	41,424
- revaluation of property, plant and equipment	-	(82,000)
Changes in current assets and liabilities:		
- (increase)/decrease in trade and other receivables	9,328	(10,654)
- (increase)/decrease in prepayments	900	12,055
- (increase)/decrease in inventories	3,043	(2,142)
- increase/(decrease) in income in advance	(1,059)	263
- increase/(decrease) in trade and other payables	2,892	58,959
- increase/(decrease) in rebate received in advance	101,600	-
- increase/(decrease) in provisions	(10,802)	5,135
- increase/(decrease) in employee benefits	4,481	3,443
Cashflow from operations	<u>86,303</u>	<u>51,623</u>

20 Capital Commitments

At the end of the financial year and up until the date of this report, the Club has committed to the following capital expenditure:

- The purchase of two IGT poker machines at a total cost of \$23,000. These machines were installed in June 2018.

21 Events after the end of the Reporting Period

The financial report was authorised for issue on 25 July 2018 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 2 to 18, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 31 May 2018 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Director.....

Tony Stokes (Chairperson)



Director.....

John Kent (Vice Chairperson)

Dated 25 July 2018

Independent Audit Report to the members of Nambucca Heads Bowling & Recreation Club Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Nambucca Heads Bowling & Recreation Club Ltd, which comprises the statement of financial position as at 31 May 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is 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 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards- RDR and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Annual Report and comprises of the Chairman's Report and the Chief Executive Officer's Report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLV Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'A. Hooykaas'.

Aart Hooykaas, Director

Nambucca Heads, NSW, 2448

25 July 2018

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