

# **BANGALOW BOWLING & SPORTS CLUB LTD**

**ABN: 97 001 017 938**

**Financial Report for the Year Ended**

**31 December 2016**

# BANGALOW BOWLING & SPORTS CLUB LIMITED

ABN: 97 001 017 938

## Financial Report for the year ended 31 December 2016

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## BANGALOW BOWLING & SPORTS CLUB LTD

ABN: 97 001 017 938

### DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 31 December, 2016.

#### Directors:

Director	Appointed	Ceased	No. of meetings eligible	No. of meetings attended	Leave of absence
Gerry Swain	15/3/12		10	8	2
Eric Bridgeman	11/8/12		10	7	3
Jeff Nolan	11/2/13		10	9	1
Colin Banks	28/4/14		10	6	2
Ritchie Allen	4/5/15		9	6	2
Shane Mahony	28/4/14		10	8	2
Rebecca Stephens	8/6/15	11/4/16	1	0	1
Eda Wright	15/12/14		10	3	6
Jeremy Edmeades	15/12/14	11/4/16	1	1	0
Ian Holden	11/4/16		9	8	1

#### Principal Activities:

The principal activity of the entity and objectives remain the same as in the previous years and that is to provide a viable community and sports club for the people of Bangalow and surrounds.

#### The Year:

Looking back at the 2012 Directors Report after the reopening of the club, I found the vision and the short and long term objectives.

The vision was that '*the community shall embrace the Bowlo as its club as it evolves into becoming the heart of sports, cultural and social events*'.

This is now starting to come to fruition with the Bowlo becoming a gathering place for families as well as sports, dance and community groups.

The short term objectives were to establish:

- *Clear roles for staff and volunteers.*
- *Efficient, effective and informative business systems and administrative procedures so that the Club operation provides value for money for its members.*
- *Improve and stabilise operational procedures.*
- *Increase and maintain adequate cash flow by attractive entertainment, a variety of different social events, closer links with sporting groups, high quality service, better communication with members and good value for money catering.*

There has been a huge effort, especially in the last two years, to achieve these objectives. I feel we are achieving them now but it is important that the board and the secretary manager keep their eyes on these objectives in order to continue improving them.

## **BANGALOW BOWLING & SPORTS CLUB LTD**

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### **DIRECTORS' REPORT**

The long term objectives were:

- *Provide an improved and welcoming facility for community activities.*
- *Maintain a viable commercial operation.*
- *Connect to the community by providing a central meeting place linking Bangalow's social, cultural and sporting events.*

Close attention has been paid to these objectives also and as with the above we need to keep them in mind when planning the club and its future.

The future is looking very promising, however, everyone must realise that the club is still in a tight situation. The Board and the Secretary Manager are very aware and know we must not get ahead of ourselves.

We have been spending some money on the club, with facilities urgently needing attention due to the increased patronage we have been experiencing. There are still more improvements to be made.

When the Stockpot Kitchen caters for 300+ as it has done on numerous occasions, equipment has to be in good condition and of sufficient quantity (e.g. one fryer is not sufficient when 3 or 4 are needed). To this end, there has been quite a bit of money spent improving the kitchen and there is still much to be done. As it is as present, the kitchen is far too small but the staff are doing a wonderful job and remain a happy unit under Graeme and Jen Stockdale.

It is worth noting that Graeme and Jen have 14 staff and always aim to have your meal delivered in 20 minutes. They purchased a smoker during the year and are continually working on the menu. Graeme tells me the smoker is no longer big enough and he will be getting an even bigger one soon.

Richie Allen has organised a firepit and spit roast to be built. The firepit is a big favourite during winter. Many thanks to Richie.

It is a wonderful sight to see so many families enjoying the outside dining with the children playing inside the 'cage' or on the boat.

The land sale is finally nearing completion and because of the length of time involved, the developer, Jestermond P/L has generously made a further payment of \$25,000 (+GST) to assist the club with cash flow, this is greatly appreciated.

It was the advance payments made by Jestermond P/L that initially enabled us to stay open and with this year's advance we have been able to update some of the facilities. There is now a payment of \$22,000 (inc. GST) still owing from the land sale. We thank Jestermond P/L for their consideration.

By now we were hoping to have a loan approved to cover repaying the Unit Holders loan as well as refinancing the bank loan. However, despite two years of good trading figures, the banks are saying they want the figures for one more year. Regardless, we have not given up on having a deal done in the near future so we can pay out the Unit Holders loan. The Unit Holders will have recently received a letter from the club setting out all the details.

Above all, the Unit Holders need a special thank you for their generosity and patience. Without that we would not be here today!

**BANGALOW BOWLING & SPORTS CLUB LTD**

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**DIRECTORS' REPORT**

We have recorded a net trading profit before depreciation charges of \$56,061 (excluding the sale of land proceeds). This is a turn around of some \$46,000 on the same 2015 figures, something we should all be proud of...the Board, Shane, Stockpot, the volunteers and all our members.

It is gratifying to have Board members who have volunteered to be on the Board.

Special mention should be made of our Treasurer, Jeff Nolan, who deserves a big thank you for his efforts again this year. He has worked closely in conjunction with fellow Board member Ian Holden, who continues to do a very professional job with the bookkeeping.

Mark Baker from Barbican Solicitors and Greg Clark from The Office Accountants have been extremely generous with their advice and help.

The Bowlo has now been able to offer sponsorship to various sporting bodies, something we haven't been able to do properly for many years. We have sponsorship deals with the cricketers, bowlers, the Rebels Rugby Union and the Blue dogs Soccer Club. We hope these arrangements will endure and grow in the many years to come.

The Friday Raffles have been a way that we have been able to contribute to clubs and organisations in the Bangalow area. They include Junior Netball, Blue dogs Soccer, Junior Rugby, Bangalow and Eureka School P and C, Bangalow Cricket Club, Bangalow Lions, Bangalow Fishing Club and the Bowlers. \$27,000 was distributed to these groups this year!

I would like to express appreciation to all the volunteers who have helped during the year. The list grows and grows with people helping maintain the bowling green, the poker machines, building and maintenance, mowing, driving the courtesy bus and helping at functions. I want to say thank you to everyone who has helped in any way this year, your valuable work contributes greatly to the success of our club.

In conclusion, the hard work, professionalism and vision shown by Shane Ironside, our Secretary Manager is to be commended and we look forward to many good years ahead.

Gerry Swain

Chairman

**BANGALOW BOWLING & SPORTS CLUB LTD**

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**SECRETARY MANAGER'S REPORT**

Wow what a year 2016 has been. I remember only 20 months ago, walking into this time warp and thinking "What am I getting myself into? How am I going to bring it back to the community? How do we make it the Number One club?" I had recently moved from Sydney and thought this was a great project and challenge. Well, it's no longer a project now, but a lifestyle and the challenge continues.

With so many people to thank I apologise for any I miss.

The Board of Directors have been a huge support, labour and equipment in kind offered that has been critical to keeping the bowling green, all grass and garden maintained cost free, help at raffles times, building of a fire pit, painting and many more ways of support.

Jen and Gray and their team of disciples at Stockpot Kitchen are just a pleasure to work alongside as one big team, with the common goal of providing the best space and venue for everyone to enjoy and relax. Congratulations also for the awards and nominations they have received; first place Sample Food Festival, ranked highly at BBQ Bluegrass festival, Australian Good Food Traveller's Guide named Northern Rivers No1 people's choice, listed as one of the top 10 eats in Byron Ballina shire.

To all of our regular tradie boys and Girls, you have been the back bone and we love the daily bar wisdom you offer us and the beer repairs you do.

Support from our regular diners, dance studios, sports clubs, Samikata Tipis, BayFm and charity fundraising event organizers (the Black Tie in July girls) has been nothing short of epic.

Total funds raised for 2016 is \$72,650 through the Friday raffles and fundraising events.

The year has seen lots of behind the scenes repairs and maintenance that has been a drain on cashflow but we have also been able to complete capital projects; Outdoor shade roof, Shade sails, umbrellas, furniture upgrades, sound system upgraded, ovens and fryers upgraded, festoon lighting, paint and stage curtain plus that "going to be famous" fire pit.

How does the future look? It's bright and we can confidently say that you have a Club that this industry will want to follow, and that communities will want to be involved with. We will be aiming to continue to improve the facilities as funding becomes available, this is critical as your support is making this all happen.

See you for a cold drink soon.

Shane Ironside

Secretary Manager

**BANGALOW BOWLING & SPORTS CLUB LTD**

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**DIRECTORS' REPORT**

**Auditor's Independence Declaration:**

The lead auditor's independence declaration for the year ended 31 December 2016 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the board of directors.

Director Gerard Swain

Dated this Day of February 2017

**BANGALOW BOWLING & SPORTS CLUB LTD**

**ABN: 97 001 017 938**

**AUDITOR'S INDEPENDENCE DECLARATION**

**TO: BANGALOW BOWLING & SPORTS CLUB LIMITED**

As Reviewer for the review of Bangalow Bowling & Sports Club Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

**BARRY DONE**

Gunnedah, New South Wales

17 February 2017

**BANGALOW BOWLING & SPORTS CLUB LIMITED**

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**STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2016

	NOTE	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	4	79,894	10,473
Receivables	5	1,454	193
Inventories on Hand	6	27,915	13,658
<b>TOTAL CURRENT ASSETS</b>		<u>109,263</u>	<u>24,324</u>
<b>NON CURRENT ASSETS</b>			
Shares in Independent Liquor Group		750	750
Property, Plant and Equipment	7(b)	900,141	194,475
<b>TOTAL NON-CURRENT ASSETS</b>		<u>900,891</u>	<u>195,225</u>
<b>TOTAL ASSETS</b>		<u>1,010,154</u>	<u>219,549</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank Overdraft	8	8,732	9,804
Accounts Payable	9	50,857	40,085
Borrowings	10	331,227	127,822
Provisions	11	4,709	5,634
<b>TOTAL CURRENT LIABILITIES</b>		<u>395,525</u>	<u>183,345</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	-	231,259
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>-</u>	<u>231,259</u>
<b>TOTAL LIABILITIES</b>		<u>395,525</u>	<u>414,604</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u>614,629</u>	<u>(195,055)</u>
<b>MEMBERS' EQUITY</b>			
Asset Revaluation Reserve	7(a)	692,000	-
Retained Profits/(Deficit)		(77,371)	(195,055)
<b>TOTAL MEMBERS' EQUITY</b>		<u>614,629</u>	<u>(195,055)</u>

These financial statements should be read in conjunction with the accompanying notes

**BANGALOW BOWLING & SPORTS CLUB LIMITED**  
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**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	NOTE	2016 \$	2015 \$
REVENUE	2	690,959	467,875
OTHER INCOME	2	95,427	41,450
EMPLOYEE BENEFITS EXPENSE	3	(168,814)	(99,094)
BORROWING COSTS	3	(10,011)	(10,451)
PURCHASES		(259,957)	(148,910)
DEPRECIATION EXPENSE	3	(31,559)	(26,210)
OTHER EXPENSES	3	<u>(198,361)</u>	<u>(206,319)</u>
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>		117,684	18,341
INCOME TAX EXPENSE	1 (g)	<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) AFTER INCOME TAX EXPENSE</b>		<u>117,684</u>	<u>18,341</u>

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

RETAINED PROFITS/(LOSS) AT THE BEGINNING OF THE YEAR	(195,055)	(213,396)
NET PROFIT/(LOSS)	<u>117,684</u>	<u>18,341</u>
RETAINED PROFITS/(LOSS) AT THE END OF THE FINANCIAL YEAR	<u>(77,371)</u>	<u>(195,055)</u>

These financial statements should be read in conjunction with the accompanying notes

**BANGALOW BOWLING & SPORTS CLUB LIMITED**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	NOTE	2016 \$ Inflows (Outflows)	2015 \$ Inflows (Outflows)
<b>STATEMENT OF CASH FLOWS</b>			
<b>i CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt from Option Fee – Land Sale		93,182	35,000
Receipt from members and customers		690,959	467,875
Payments to suppliers/employees		(631,775)	(475,231)
Interest paid		(10,011)	(10,451)
Net cash provided from/(used in) operating activities	13b	<u>142,355</u>	<u>17,193</u>
<b>ii CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(45,192)	(4,076)
Net cash provided from/(used in) investing activities		<u>(45,192)</u>	<u>(4,076)</u>
<b>iii CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings – Gaming Machine Loan		(10,585)	(10,585)
Proceeds from borrowings – Unit Trust		-	52,666
Repayment of borrowings – Directors		(7,837)	(48,150)
Repayment of borrowings – ANZ Loan		(9,320)	(8,515)
Net cash provided from financing activities		<u>(27,742)</u>	<u>(14,584)</u>
Net increase/(decrease) in cash held		69,421	(1,467)
Cash at the beginning of the financial year (ex sub-clubs)		10,473	11,940
Cash at the end of the financial year	13a	<u><u>79,894</u></u>	<u><u>10,473</u></u>

These financial statements should be read in conjunction with the accompanying notes

**BANGALOW BOWLING & SPORTS CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements, which form part of the general purpose financial report, have been prepared in accordance with applicable Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and disclosure requirements of the Corporations Law. The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The financial statements have also been prepared on a going concern basis which contemplates the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business. The accounting policies have been consistently applied, unless otherwise stated.

**a. Revenue**

Grant revenue is recognised in a statement of financial performance when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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

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

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

Revenue from membership subscriptions are recognised upon receipt. Revenue from members subscriptions is aligned with the period that members utilise the facilities provided and paid for.

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

Donations are recognised as revenue when received. Donations also include fixed assets, such as Plant and Equipment received which have been booked in the financial accounts at fair market value.

Interest revenue is recognised using the effective interest rate method, when received.

Revenue from rendering of a service is recognised upon delivery of the service to the customers.

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

**b. Cash and Cash Equivalents**

Cash and Cash Equivalents include cash on hand, deposits held at call with banks, bank term deposits used for day to day operating cash flow.

**c. Property, Plant & Equipment**

Property, plant and equipment are included at cost or at independent or directors' valuation. Freehold land is shown at cost. Buildings and plant and equipment are shown at cost less accumulated depreciation.

**BANGALOW BOWLING & SPORTS CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

**d. Depreciation**

Depreciation is calculated so as to write off the net cost of each non-current asset during its effective useful life to the company. The straight-line method of depreciation has been used for buildings and plant and equipment.

Major depreciation ranges for various classifications of assets are:

Buildings	2.5%
Plant and Equipment	10 - 15%

**e. Provision for Doubtful Debts**

All known bad debts are written off and adequate provision made for doubtful debts.

**f. Employee Benefits**

- (i) The amounts estimated to be paid to employees for the entitlement to annual leave, vesting sick leave, and long service leave are provided at current pay rates (including on costs) and disclosed as current liabilities.
- (ii) The company has not made provision for non-vesting sick leave as the directors believe it is not probable that payment will be required.
- (iii) Contributions to employee superannuation funds are charged as an expense as they are incurred.

**g. Income Tax**

The company does not apply the principles of tax effective accounting, as the directors believe the resultant asset and liability recognised upon adoption will never be capable of realisation in the ordinary course of operations, due to the company being a non-taxable entity and exempt from income tax under Div 50 of the Income Tax Assessment Act 1997. Accordingly no provision for Income Tax has been raised.

**h. Segmental Information**

The company operates predominantly in the licensed club industry. The principal activities of the company are to provide club facilities and services to its members. The company operates in the geographical area of Bangalow, New South Wales, Australia.

**i. Inventories on Hand**

Inventories on hand consist of liquor, beer, wine and related items. Inventory on hand at balance date is valued at the lower of cost and net realisable value using the F.I.F.O method of assigning cost.

**BANGALOW BOWLING & SPORTS CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

**j. Goods and Services Tax**

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

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable or payable to the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financial activities which are recoverable from or payable to the ATO are classified as operating cash flows.

**BANGALOW BOWLING & SPORTS CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>2. OPERATING REVENUE</b>		
<b>REVENUE FROM OPERATING ACTIVITIES</b>		
Bar Sales	625,037	384,275
Gaming Income – Net of Payouts	12,369	15,579
Rental – Auditorium	14,023	11,306
Entertainment Revenue	2,430	19,632
Members’ Subscriptions	5,277	2,905
Raffles and Competitions	6,673	5,129
Courtesy Bus	5,595	5,410
Other	19,555	23,639
<b>TOTAL REVENUE</b>	<u>690,959</u>	<u>467,875</u>
<b>OTHER INCOME</b>		
Land Sale – Option Fee non-refundable	93,182	35,000
Donations received	2,245	6,450
<b>TOTAL OTHER INCOME</b>	<u>95,427</u>	<u>41,450</u>
<b>TOTAL REVENUE AND OTHER INCOME</b>	<u>786,386</u>	<u>509,325</u>
<b>3. NET PROFIT</b>		
<b>(i) Net profit from ordinary activities has been determined after:-</b>		
<b>(a) Charging as expenses</b>		
Borrowing Costs – Interest	10,011	10,451
<b>(b) Depreciation</b>		
– Buildings	8,805	8,805
– Plant & Equipment	22,754	17,405
<b>(ii) Expenses from ordinary activities</b>		
<b>Administration &amp; Operating Costs</b>		
Employee Costs	168,814	99,094
<b>Other Expenses</b>		
Accounting	2,382	2,217
Advertising, Stationery, Postage & Printing	10,343	7,786
Cleaning Contractor	26,861	26,052
Clubhouse Supplies	6,577	-
Electricity & Gas	17,773	28,417
Entertainment, Promotions & Foxtel	28,721	35,644
Insurance	14,366	23,608
Rates and excess water	14,870	8,283
Repairs and Maintenance	11,776	8,710
Telephone and Internet	3,359	3,689
Other Operating Expenses	61,333	61,913
<b>Total Other Expenses</b>	<u>198,361</u>	<u>206,319</u>

**BANGALOW BOWLING & SPORTS CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
<b>(iii) Related Party Transactions</b>		
Transactions with directors or related parties involving;		
(a) the provision of club services to directors was done on terms and conditions no more favourable than those available on similar transactions to other members.		
(b) the provision of services by directors or their spouses has been in a voluntary capacity only and no remuneration has been paid for services provided.		
<b>(iv) Auditors' Remuneration</b>		
Amounts received or due and receivable		
By the auditor for		
Audit Work – Reviewing the Accounts	3,500	3,500
Other Services	<u>-</u>	<u>-</u>
	<u>3,500</u>	<u>3,500</u>

**BANGALOW BOWLING & SPORTS CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>4. CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	13,715	5,522
Cash at Bank	66,179	4,951
	<u>79,894</u>	<u>10,473</u>
<b>5. RECEIVABLES</b>		
Debtors, EFTPOS and PayPal	1,454	193
	<u>1,454</u>	<u>193</u>
<b>6. INVENTORIES (at cost)</b>		
Inventory on Hand	27,915	13,658
	<u>27,915</u>	<u>13,658</u>
<b>7. NON-CURRENT ASSETS</b>		
<b>a. LAND AND BUILDINGS</b>		
Freehold Land – at NSW Valuer General’s value	700,000	8,000
Club Buildings – at cost	363,383	352,196
Less; Accumulated Depreciation	<u>(278,973)</u>	<u>(270,168)</u>
<b>TOTAL BUILDINGS</b>	<u>84,410</u>	<u>82,028</u>
<b>TOTAL LAND AND BUILDINGS</b>	<u>784,410</u>	<u>90,028</u>
<b>Land Valuation</b>		
The Land, spanning 8,456m <sup>2</sup> and described as Lot 1/417005 and PT10/748099 has been valued by the NSW Valuer General for rating and taxing purposes. The value has been determined as \$700,000 as at 22 September 2016.		
The Board of Directors determined that the value of the land disclosed in the accounts of the Club should be increased to match the NSW Valuer General’s valuation of \$700,000.		
The increment arising from this increase in value is reflected in the Asset Revaluation Reserve Account, as shown on the Statement of Financial Position (Balance Sheet).		
<b>b. PLANT AND EQUIPMENT</b>		
Plant and equipment – at cost	435,791	401,785
Less; Accumulated Depreciation	<u>(320,060)</u>	<u>(297,338)</u>
<b>TOTAL PLANT AND EQUIPMENT</b>	<u>115,731</u>	<u>104,447</u>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<u>900,141</u>	<u>194,475</u>

**BANGALOW BOWLING & SPORTS CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
<b>CURRENT LIABILITIES</b>			
<b>8. BANK OVERDRAFT</b>			
This bank overdraft facility has a current limit of \$10,000.		8,732	9,804
<b>9. PAYABLES</b>			
Trade Creditors		23,360	19,490
ATO Payable – Current		17,592	10,059
Payroll Liabilities		9,905	10,536
		50,857	40,085
<b>10. BORROWINGS</b>			
<u>CURRENT</u>			
Gaming Machine Loan – Ainsworth Game Technology		5,293	10,858
Loans from Directors		-	7,837
Loan - Insurance Funding		6,355	6,467
Bank Loan	10 (b)	93,613	102,933
Loan by Unit Trust	10 (c)	225,966	-
		331,227	127,822
<u>NON-CURRENT</u>			
Gaming Machine Loan – Ainsworth Game Technology		-	5,293
Loan by Unit Trust	10 (c)	-	225,966
		-	231,259
<b>TOTAL BORROWINGS</b>		331,227	359,081

**(a) ANZ Bank Loan Facilities**

A loan was negotiated with ANZ Bank prior to the 2011 financial year for the original sum of \$125,000. When the company was placed under voluntary administration (VA), this placed the loan into a default position.

Whilst an agreement was reached that the ANZ Bank would continue to provide the loan facilities to the club, the club was advised by the ANZ Bank that it continues to expressly reserve its rights in relation to the default. As a result of this position, the loan is still being classified as current in the Statement of Financial Position.

The ANZ Bank are now comfortable with the existing loan facility with the Club's desire to having the loan refinanced either with ANZ or another lender, in order to increase the bank facility to enable the repayment of the Unit Holders loan funds.

The loan principle is presently being reduced by approximately \$700 per month, with the balance owing as at 31/12/16 of \$93,613. It is intended that this loan will be further repaid from the final payment in relation to the sale of the land adjacent to the tennis courts, which should occur before 30 June 2017.

**(b) Security Provided for ANZ Loan and Overdraft Facility**

The ANZ Bank securities are secured by a registered first mortgage by Bangalow Bowling and Sports Club Ltd over the property situated at 21 Byron Bay Rd, Bangalow.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

**(c) Loan Facility Provided by Bowlo Sports & Community Club Pty Ltd as trustee for the Bowlo Sports & Community Club Unit Trust**

A loan for \$173,300 was granted on 27 March 2012 as part of a club rescue committee initiative to help the club get back on its feet again following the appointment of voluntary administrator on 13 January 2012.

This loan stands at \$225,966 as at 31 December 2016. The loan is interest free and now repayable in full on 30 March 2017, following a two year extension approved by Unit Holders' at a meeting on 4 February 2015. The Board have recently written to all Unit Holder's seeking a further 12 month extension on the loan, in order to satisfy the Lenders requirement for one more year of profitable trading to enable them to properly consider a refinancing proposal, which will facilitate the repayment of this loan.

A Registered second mortgage was taken out on the club's property situated at 21 Byron Bay Rd, Bangalow to secure it.

**11. PROVISIONS**

Provision for Employees Annual Leave	<u>4,709</u>	<u>5,634</u>
	<u>4,709</u>	<u>5,634</u>

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	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>12. CONTINGENT LIABILITIES</b>		
The directors believe there are no contingent liabilities at balance date.		
<b>13. STATEMENT OF CASH FLOWS</b>		
<b>a Reconciliation of Cash</b>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:-		
Cash on Hand	13,715	5,522
Cash at Bank	66,179	4,951
	<u>79,894</u>	<u>10,473</u>
Cash at the end of the financial year	<u>79,894</u>	<u>10,473</u>
For the purpose of this statement of cash flows, cash includes:- Cash on hand and at call deposits with bank or financial institutions.		
<b>b Reconciliation of net cash used in operating activities to operating loss after income tax</b>		
Operating Profit/(Loss) after income tax	117,684	18,341
Non-cash flows in Operating Profit		
Depreciation of Property Plant and equipment	31,559	26,210
	<u>31,559</u>	<u>26,210</u>
Changes in assets and liabilities		
(Increase)/Decrease in Receivables	(1,261)	1,087
(Increase)/Decrease in Inventories	(14,257)	3,000
Increase/(Decrease) in Payables	10,772	(24,567)
(Decrease)/Increase in Employee Provisions	(925)	200
(Decrease)/Increase in Bank Overdraft	(1,075)	1,460
(Decrease)/Increase in other current liabilities	(142)	(8,538)
	<u>(142)</u>	<u>(8,538)</u>
Net cash provided by operating activities	<u>142,355</u>	<u>17,193</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

**14. EVENTS AFTER THE REPORTING PERIOD**

**(a) Sale of Land**

The sale of part of Lot 10 DP 748099, which was declared by the Directors as Non-Core Property, being land the Club owns which is mainly adjacent to the tennis courts near the Club, to Jestermond Pty Ltd ACN 102 311 711 ("Jestermond") has not yet been completed.

The contract for sale requires that re-zoning of the land to Residential and Tourist zoning and a boundary adjustment, must be effected prior to completion of the sale. The re-zoning has occurred. However, unforeseen delays in obtaining local council and state government approvals relating to these two aspects of the sale have been experienced.

In return for an increase in the sale price of the land by \$27,500 (inclusive of GST), from \$220,000 to \$247,500 (inclusive of GST), the payment of that price increase to the Club and an additional payment of \$60,000 on the balance of the sale price, the Club has agreed to extend the time by which Jestermond must complete the sale – until 30 November 2017.

Jestermond has indicated that it expects to be able to complete the sale by 30 June 2017.

Jestermond has paid the \$27,500 price increase and the additional advance payment of \$60,000 to the Club. To date, Jestermond has paid the Club \$237,500 of the increased sale price of \$247,500. Only \$10,000 remains to be paid.

**15. GOING CONCERN**

Annual trading figures to reporting date of 31 December 2016 saw a further improvement on last year. As a result the Board is now very optimistic for the years ahead. It is anticipated that given the strong patronage now generated by the restaurant and the resultant increased bar activity, together with new marketing strategies for weddings and events being implemented by the Secretary Manager, the club's trading performance will continue to improve and eliminate any going concern issues of the past.

**16. GUARANTEE OF MEMBERS**

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding debts and obligations of the entity. At 31 December 2016 the number of members was 530.

**17. RELATED PARTY INFORMATION**

Directors who held office during the course of the financial year are disclosed in the Directors' Report.

These notes to the Financial Statements should be read in conjunction with the accompanying Financial Statements.

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**DIRECTORS' DECLARATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

In accordance with a resolution of the Directors of Bangalow Bowling and Sports Club Ltd, the Directors declare that:

1.
  - (a) the accompanying financial statements and notes are drawn up so as to give a true and fair view of the financial position as at 31 December 2016 and the performance for the financial year ended on that date of the company.
  - (b) the financial statements and notes:
    - (i) have been made out in accordance with the Corporations Act 2001 and:
    - (ii) comply with applicable Australian Accounting Standards.
2. At the date of this declaration, there are reasonable grounds to believe that the company can pay its debts as and when they become due and payable.

Dated at Bangalow this 17<sup>th</sup> day of February, 2017

Director .....  
Gerard Swain

Director .....  
Jeffrey Nolan

**BANGALOW BOWLING & SPORTS CLUB LTD**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**BANGALOW BOWLING & SPORTS CLUB LTD**

**Report on the Financial Report**

We have reviewed the accompanying financial report of Bangalow Bowling & Sports Club Ltd, which comprises the statement of financial position as at 31 December 2016, the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

*Directors' Responsibility for the Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2415 Review of a Financial Report - Company Limited by Guarantee, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2015 and its performance for the year ended on that date; and complying with the Australian Accounting Standards and Corporations Regulations 2001.

ASRE 2415 requires that we comply with the ethical requirements relevant to the review of the financial report. A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified as an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided by the directors of Bangalow Bowling & Sports Club Ltd on 17 February 2017 would be in the same terms if provided to the directors as at the date of this reviewer's report.

***Basis for Qualified Conclusion***

Balance Sheet

The company's underlying records for its plant and equipment is a depreciation schedule which does not itemise individual items of plant & equipment. This therefore does not allow for a review of any item for the purpose of considering an impairment of the asset's net market value or for assessing the appropriateness of depreciation at an itemised level.

As the information provided to us was limited, our review procedures were restricted to an agreement of the depreciation schedule to the ledger balance only.

**BANGALOW BOWLING & SPORTS CLUB LTD**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**BANGALOW BOWLING & SPORTS CLUB LTD**

Income Statement

Cash from the courtesy bus, raffles, entertainment, donations and juke box are significant sources of revenue for the company. Although the company has implemented systems of control to ensure that monies received at its office are properly recorded in the financial records, controls over collection of revenue from these sources prior to receipt require improvement. Controls include suitable assessments and reconciliation procedures thereof to cash collected. Accordingly, as the evidence available to us was limited, our review procedures with respect to revenue from these sources had to be restricted to the amounts recorded in the financial records.

*Conclusion*

Based on our review, which is not an audit, we have not, except for the effects of those described in the Basis for Qualified Conclusion paragraph, become aware of any matter that makes us believe that the financial report of Bangalow Bowling & Sports Club Ltd is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2016 of its performance for the year ended on that date, and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

***Emphasis of Matters***

Without further qualification to the conclusion expressed above, attention is drawn to the following:

(1) Events after the reporting period

Attention is drawn to note 14 which deals with the sale of land.

(2) Going concern

The company's cashflow statement on page 9 shows that the company's operations have further improved in the 2016 financial year. The company's increased cashflow from operations resulted in the club generating positive net cash flow from operations.

While the company's Board is confident that the club has turned the corner and will continue to trade profitably in the future, the ongoing support of ANZ Bank or another lender will be crucial to their future viability.

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It is our opinion that the reliance on future support from their current lender, ANZ or another alternative lender will affect the company's ability to continue as a going concern.

*Other Matters*

- (i) Matters relating to the Electronic Publication of the reviewed Financial Report

This auditor's report relates to the financial report of Bangalow Bowling & Sports Club Ltd for the year ended 31 December 2016 included on the Bangalow Bowling & Sports Club Ltd website. The Club's directors are responsible for the integrity of the Bangalow Bowling & Sports Club Ltd website. We have not been engaged to report on the integrity of the Bangalow Bowling & Sports Club Ltd website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Name of Firm                      Done Partners

Auditor's signature              .....

Barry Done

Address:                              29 Henry Street  
    Gunnedah NSW 2380

Dated this                              17<sup>th</sup> day of February 2017