

Toongabbie Sports and Bowling Club Limited

ABN: 32 001 050 371

Financial Statements

For the Year Ended 30 June 2013

Toongabbie Sports and Bowling Club Limited

ABN: 32 001 050 371

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For the Year Ended 30 June 2013

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Chairman's Report



Firstly I would thank all members for their patience over the last 12 months with our extensive renovations that severely impacted our ability to provide appropriate services to you. Thankfully these works are now complete and I am sure you agree the club looks fantastic and is now beginning to translate to increased membership and sales.

I would also like to wish our former CEO Keith Smith all the best after his departure from the club in early 2013, but remain certain he will continue to be a stalwart within our Bowls community.

You may recall the strategy the club set about enacting last year, starting with the sale of Pendle Hill, and I can advise this strategy has accelerated this year with significant debt reduction to facilitate the clubs building and re-investment program and reduce the clubs debt exposure.

Continued focus and refinement of this strategy is set to bring further changes shortly to provide even better services, promotions and facilities to our members and the community more broadly. At the same time we will be looking further ahead to ensure the longer term future of the club, its facilities and the community support we offer.

We have also sought to review our constitution and you will note a number of resolutions to be considered at this years AGM. These changes are recommended by the board in effort to streamline our business processes, refine the clubs relevance and protect the clubs longer term future.

During the year three (3) directors retired from the board for health and personal reasons being Adam Wade, Kim Jones and Patrick Artup. I sincerely thank all three directors for working through a difficult time in the clubs planning & leadership to secure the clubs future, I personally would like to wish you all the best in what you ever decide to do in your life moving forward.

At the time of writing the club received only six (6) board nominations, and as a result there is no requirement for an election this year, with the board currently holding a casual vacancy to be considered at the AGM.

I also need to welcome Andrew Lauridsen into the role as the clubs new CEO, while many of you may have already seen him about the club assure you he is open to any feedback you may have, and in his first 6 months he has been integral in further supporting the clubs longer term vision and guiding the business through some difficult times. He brings a refreshing perspective to the role and has been steadfast in seeking improvements across the entire business.

I also offer my condolences to the families of members who passed away in the year noting it would be remiss not to make special mention of Joe Bartolo. Joe was the club welfare officer for nearly 30 years, servicing the club and its community like they were his own family. He was often seen calling on family's, visiting hospitals or just tracking you down to have a chat, nothing was ether a problem for Joe including being salesman in chief for the clubs raffles where he was always ready for a chat. I would like to offer my condolences to Joes extended family for their loss. The thoughts of all at Toongabbie Sports & Bowling Club are with you.
The club will never be the same without Joe around.

As we now look to 2014 I wish all members the best for the future and look forward to seeing you at the club.

David Nugent
Chairman

Treasurer's Report

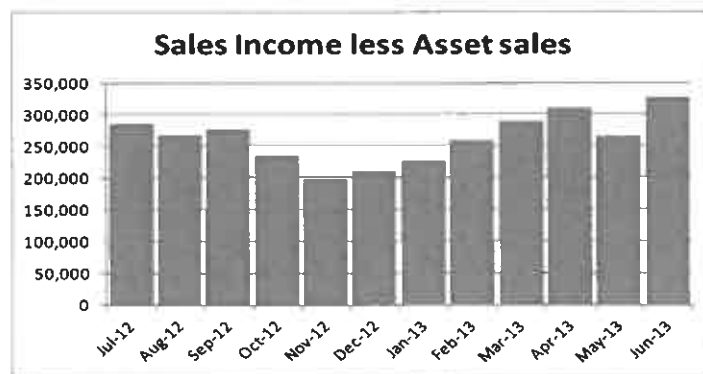


For the year ended 30 June 2013 the clubs profit was \$1,229,962 (2012 \$8,501) with depreciation of \$175,318 (2012 \$108,588). Gaming profit fell 19.7% or \$344K while overall trading fell 14.7% or \$524K for the full year.

As noted elsewhere the club sold gaming assets and residential assets in the year delivering additional profit of \$1,824,475 largely used to retire financial debts of \$1,694,757 and finalise building works.

While we are now over the impact of the building on the clubs trade and finances, it has remained a difficult year with the impact from building being greater than expected and requiring revised forecasts and cashflow management. That said these matters are largely behind us and the focus is now squarely on improvement.

As noted, and demonstrated in the table opposite, the club was severely impacted by the building works between October and January and the decreases were greatest in this period peaking in November where gaming profit was down 87% and bar sales were down 43% and it wasn't until April that trading started to return to normal levels and continues to grow.



Total Expenses on the other hand increased by \$81K or 2.2% with increases in Power/Water of +\$38K(+29%), Depreciation +\$66K(61%), Property Management +\$22K(107%) but these were offset by reductions in Wages -\$59K(-5%), Gaming Tax -\$90K(-38%) and Finance Expenses -\$23K(-13%). It is anticipated that overall expenses will continue to improve with ongoing reviews of existing costs.

I would also like to advise members that this year the club contributed \$141,878 through the Club Grants scheme in terms of direct community support, despite the challenges faced during the year, and continues to exceed our objectives of supporting Bowls and Sport within the local community.

It is important to remember that while the club continually seeks to establish a positive cash return, the business itself is Not For Profit and only exists to serve our local community. The more support we get from the community the more we can give back.

You may also note the changes in the presentation of this years accounts. This is a result of the club outsourcing the preparation of the clubs accounts to Lawler Partners. The board sought this change to provide a greater level of oversight on the clubs accounting practices, and ensure an appropriate level of compliance and timely reporting in order that the clubs finances can be suitably managed.

With the clubs results now trending upwards, with only the early stages of the clubs strategy in place, I believe we are now well positioned to continue our growth and secure the longer term future of our great club as an asset to the community.

Duane Gorry
Treasurer

CEO Report



I can truly say that my first six (6) months has certainly been challenging but the club has steadfastly dealt with each one to the betterment of our members.

While the profit is reported as \$1.2M for the year it must be noted that this has largely come from the sale of some significant assets with nearly all funds used to reduce debt and pay for the building works. The club was selective with regards to what assets were sold and all have delivered significant gains and secured the clubs longer term future. The coming year will see further evaluation of the returns being achieved from all aspects of the business to continue to improve the bottom line and improve the amenities offered by the club, to you the members, and the wider community.

In terms of trading the club was clearly impacted by the building works, however with these finished and some new initiatives and investment, trading is now surpassing those of last year and we will continue to focus on events, equipment and activities that attract patronage to the club.

Plans are in place to continue implementing technology to improve our business practice with a professional gaming and loyalty system to be rolled out by the time you are reading this report enabling a cashless economy, far better service within the club and a platform for future improvements.

The clubs Badge Draw has already been well received with three (3) winners in the first seven weeks sharing in \$6,000 in cash. Draws are currently Thursday and Sunday from 7.30PM and on Sundays our raffles have gotten a lot bigger with a monthly \$1,500 prize draw on the last Sunday of each month.

Our Bluestone Pizza and Grill is continuing to attract new and repeat customers offering excellent value for money and some of the best steaks, pizzas, roasts, fish and desserts you will taste. If you haven't tried yet - your missing out.

With the federal election looming there remains a degree of uncertainty from the clubs perspective as both parties have some significant differences in their policy position with regards to clubs. While both seek to improve the safety net for problem gamblers, the deal between Gillard and Wilkie remains at the forefront of Labours policy with a \$250 daily withdrawal limit from ATM's to be imposed from February 2014. While the coalition rejects this policy, there remains uncertainty whether they can, or will, withdraw the policy by the current deadline meaning that anyone using an ATM within the club will only be permitted to withdraw a maximum of \$250.

From the clubs perspective we remain acutely aware the impact excessive gambling can have on individuals and their family and can make available counselling services to anyone affected. We have also recently adopted the Clubsafe Multivenue exclusion program meaning patrons can ban themselves from gambling not only at our venue but hundreds across the state – a world first and only available in selected NSW clubs at this time.

Of course I thank and appreciate the assistance and welcome of the whole Toongabbie team, including the board, the staff, the committee's and the members at large. My door remains open to comment, suggestion and scrutiny and I look forward to our continued combined success.

Andrew Lauridsen
CEO

Toongabbie Sports and Bowling Club Limited

ABN: 32 001 050 371

Directors' Report

30 June 2013

The directors present their report on Toongabbie Sports and Bowling Club Limited for the financial year ended 30 June 2013.

Directors

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

Names	Position	Appointed/Resigned
David Nugent	Chairman	
Duane Gorry	Treasurer	
Adam Wade	Director	Resigned 12 October 2012
Ross Sinclair	Director	
Peter Stankevicius	Director	
M.K (Kim) Jones	Director	Resigned 13 March 2013
Patrick Artup	Director	Resigned 5 August 2012
Stewart Bills	Director	
Tim Heyes	Director	Appointed 12 November 2012

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

Principal activities

The principal activity of Toongabbie Sports and Bowling Club Limited during the financial year was the operation of a licenced Club for the benefit of its members and guests and the promotion of Lawn Bowls and Sporting Activities within the local community.

No significant changes in the nature of the Club's activity occurred during the financial year.

Short and long term objectives

The Club's short and long term objectives are to provide excellence in service and amenities for all members and to foster, encourage, promote and control the development of sports within the area.

Strategy for achieving the objectives

To achieve these objectives, the Club has adopted the following strategies:

- maintain the Club in good order to attract and retain members and provide a welcome venue for visitors,
- following the best practice principles of sound corporate governance at board and administration levels,
- closely monitoring costs,
- provide members with a range of entertainment activities,
- continue to grow membership;
- and maintain a strong financial position

Toongabbie Sports and Bowling Club Limited

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Directors' Report

30 June 2013

Information on directors

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

David Nugent	
Qualifications	State Manager
Experience	9 Years
Special responsibilities	Chairman
Duane Gorry	
Qualifications	Business Manager
Experience	4 years
Special responsibilities	Treasurer
Adam Wade	
Qualifications	State Manager
Experience	7 years
Ross Sinclair	
Qualifications	Building Estimator
Experience	14 years
Peter Stankevicius	
Qualifications	Machinist
Experience	16 years
M.K (Kim) Jones	
Qualifications	Company Director
Experience	8 years
Patrick Artup	
Qualifications	Retired
Experience	2 years
Stewart Bills	
Qualifications	Butcher
Experience	2 years
Tim Heyes	
Experience	1 year

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

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Directors' Report

30 June 2013

Meetings of directors

During the financial year, 18 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
David Nugent	18	15
Duane Gorry	18	14
Adam Wade	6	4
Ross Sinclair	18	14
Peter Stankevicius	18	14
M.K (Kim) Jones	13	12
Patrick Artup	18	16
Stewart Bills	18	16
Tim Heyes	12	11

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2013 has been received and can be found on page 7 of the financial report.

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

Director: 

Director: 

Dated

6.9.2013

TOONGABBIE SPORTS AND BOWLING CLUB LIMITED

**AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF
THE CORPORATIONS ACT 2001 AS AT 30 JUNE 2013**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there has 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.

ROBIN W. FRANKS, Partner
ENHANCE FINANCIAL PARTNERS SERVICES
PUBLIC ACCOUNTANTS


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Parramatta
Dated this *6th* day of *September* 2013

Toongabbie Sports and Bowling Club Limited

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**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2013**

		2013	2012
	Note	\$	\$
Revenue	2	3,031,589	3,556,023
Other income	2	1,954,984	180,517
Cost of sales	3	(516,751)	(539,016)
Employee benefits expense	3	(1,011,919)	(1,071,260)
Depreciation and amortisation expense	3	(175,318)	(108,588)
Rental property expenses		(43,869)	(21,126)
Bar expenses		(140,474)	(181,630)
Utility expense		(173,217)	(134,377)
TAB costs		(39,004)	(31,602)
Sports expenses		(263,455)	(241,522)
Poker machine duty		(148,104)	(238,860)
Raffle expenses		(190,088)	(233,160)
Repairs and Maintenance		(73,371)	(75,902)
Cleaning expense		(99,994)	(82,167)
Finance costs	3	(154,119)	(177,239)
Other expenses		(726,928)	(591,590)
Profit before income tax		1,229,962	8,501
Income tax expense		-	-
Profit for the year		1,229,962	8,501
Other comprehensive income		-	-
Total comprehensive income for the year		1,229,962	8,501

The accompanying notes form part of these financial statements.

Toongabbie Sports and Bowling Club Limited

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Statement of Financial Position**30 June 2013**

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	433,386	1,499,529
Trade and other receivables	5	94,255	1,639,843
Inventories	6	26,664	34,674
TOTAL CURRENT ASSETS		554,305	3,174,046
NON-CURRENT ASSETS			
Property, plant and equipment	7	8,039,740	5,768,690
TOTAL NON-CURRENT ASSETS		8,039,740	5,768,690
TOTAL ASSETS		8,594,045	8,942,736
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	451,306	226,102
Borrowings	9	131,199	145,794
Employee benefits	10	39,619	81,155
TOTAL CURRENT LIABILITIES		622,124	453,051
NON-CURRENT LIABILITIES			
Borrowings	9	935,492	2,630,249
TOTAL NON-CURRENT LIABILITIES		935,492	2,630,249
TOTAL LIABILITIES		1,557,616	3,083,300
NET ASSETS		7,036,429	5,859,436
EQUITY			
Reserves	11	2,053,057	2,053,057
Retained earnings		4,983,372	3,806,379
TOTAL EQUITY		7,036,429	5,859,436

The accompanying notes form part of these financial statements.

Toongabbie Sports and Bowling Club Limited

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Statement of Changes in Equity

For the Year Ended 30 June 2013

	Retained Earnings	Asset Revaluation Reserve	Capital profits reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2012	3,806,379	-	2,053,057	5,859,436
Profit for the year	1,229,962	-	-	1,229,962
Prior year adjustments	(52,969)	-	-	(52,969)
Balance at 30 June 2013	4,983,372	-	2,053,057	7,036,429

	Retained Earnings	Asset Revaluation Reserve	Capital profits reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2011	3,797,878	2,763,591	-	6,561,469
Profit for the year	8,501	-	-	8,501
Transfer prior year revaluation increments to capital profits on sale of freehold property	-	(2,763,591)	-	(2,763,591)
Transfer to capital profits reserve	-	-	2,053,057	2,053,057
Balance at 30 June 2012	3,806,379	-	2,053,057	5,859,436

The accompanying notes form part of these financial statements.

Toongabbie Sports and Bowling Club Limited

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Statement of Cash Flows For the Year Ended 30 June 2013

	2013	2012
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	6,519,766	3,102,225
Payments to suppliers and employees	<u>(3,613,443)</u>	<u>(4,310,993)</u>
Net cash provided by (used in) operating activities	<u>2,906,323</u>	<u>(1,208,768)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	1,432,826	2,970,000
Interest received	9,587	1,176
Purchase of property, plant and equipment	<u>(3,554,719)</u>	<u>(309,439)</u>
Net cash provided by investing activities	<u>(2,112,306)</u>	<u>2,661,737</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	190,123	-
Repayment of borrowings	<u>(1,896,164)</u>	<u>(20,464)</u>
Interest paid	<u>(154,119)</u>	<u>(177,239)</u>
Net cash used in financing activities	<u>(1,860,160)</u>	<u>(197,703)</u>
Net (decrease) increase in cash and cash equivalents held	<u>(1,066,143)</u>	<u>1,255,266</u>
Cash and cash equivalents at beginning of year	<u>1,499,529</u>	<u>244,263</u>
Cash and cash equivalents at end of financial year	4 <u>433,386</u>	<u>1,499,529</u>

The accompanying notes form part of these financial statements.

Toongabbie Sports and Bowling Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

The financial statements are for Toongabbie Sports and Bowling Club Limited as a not-for-profit individual entity.

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 Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and are net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(d) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost of revaluation model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the revaluation model.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(d) Property, Plant and Equipment continued

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Plant and Equipment	5-50%
Poker machines	0-30%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an assets is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

(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 Club 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.

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.

Notes to the Financial Statements For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(e) Financial instruments continued

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.

The Club does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(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 Club has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of financial assets

At the end of the reporting period the Club assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(g) Employee benefits

Provision is made for the Club'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 present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

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

(h) Income Tax

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

(i) 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 Club 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 that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Club will obtain ownership of the asset or over the term of the lease.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(j) 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 entity 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.

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Interest is recognised using the effective interest method.

Rental 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.

Other income is recognised when the right to receive the revenue has been established.

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

(k) Goods and Services Tax (GST)

Revenue, 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).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(l) 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 have been described below.

Key estimates - fair value of land and buildings

The Club carries its land and buildings at fair value with changes in the fair value recognised in revaluation reserve. Independent valuations are obtained at least triennially and at the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent valuations and movements in the market.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes.

Key estimates - property, plant and equipment residual values and useful lives

These assets are written down to their estimated residual value over their anticipated useful lives using the straight-line basis. Management reviews residual values annually considering market conditions and disposal values.

Toongabbie Sports and Bowling Club Limited

ABN: 32 001 050 371

Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013	2012
	\$	\$
2 Revenue and Other Income		
Sales revenue		
- Poker machine revenue	1,402,731	1,746,831
- Bar sales	1,305,364	1,440,663
- Raffle, bingo and entertainment income	85,730	88,492
- Sports sales	79,617	23,491
- Rental income	83,969	181,395
- Tab income	43,811	35,177
- Keno sales	30,367	39,974
	<u>3,031,589</u>	<u>3,556,023</u>
Other Income		
- Interest received	9,587	1,176
- Sale of Gaming Entitlements	1,500,000	-
- Profit on sale of fixed assets	324,475	-
- Other income	120,922	179,341
	<u>1,954,984</u>	<u>180,517</u>
3 Result for the Year		
The result for the year includes the following specific expenses		
- Cost of sales	516,751	539,016
- Employee benefits expense	1,011,919	1,071,260
- Depreciation and amortisation expense	175,318	108,588
- Finance costs	154,119	177,239
	<u>1,858,107</u>	<u>1,906,103</u>
4 Cash and cash equivalents		
Cash on hand	144,281	82,415
Cash at bank	289,105	1,417,114
	<u>433,386</u>	<u>1,499,529</u>
5 Trade and other receivables		
CURRENT		
Trade receivables	45,242	81,244
Prepayments	12,871	19,635
Security deposits	5,000	5,000
Sub clubs	31,142	33,964
Other receivables	-	1,500,000
	<u>94,255</u>	<u>1,639,843</u>

Toongabbie Sports and Bowling Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013	2012
	\$	\$
6 Inventories		
CURRENT		
Raw materials and consumables, at cost	<u>26,664</u>	<u>34,674</u>
7 Property, plant and equipment		
LAND AND BUILDINGS		
Freehold land		
At valuation	540,000	540,000
Bowling greens at valuation	<u>309,000</u>	<u>309,000</u>
	<u>849,000</u>	<u>849,000</u>
Buildings		
At valuation	610,000	610,000
At cost	3,436,671	1,849,265
Residential property at cost	<u>930,905</u>	<u>2,039,256</u>
	<u>4,977,576</u>	<u>4,498,521</u>
Total land and buildings	<u>5,826,576</u>	<u>5,347,521</u>
PLANT AND EQUIPMENT		
At cost	6,137,516	4,170,203
Accumulated depreciation	<u>(3,924,352)</u>	<u>(3,749,034)</u>
Total plant and equipment	<u>2,213,164</u>	<u>421,169</u>
Total property, plant and equipment	<u>8,039,740</u>	<u>5,768,690</u>

The borrowings from the National Australia Bank are fully secured by a first registered mortgage over the Club's properties. Leased liabilities are secured by the underlying leased assets.

(a) Core Property and Non-Core Property:

As required by the Registered Clubs Act 1976 (the "Act"), No 31 section 41J(2) we list hereunder the following:

Core Properties

12 Station Rd, Toongabbie

Non-core properties

4, 6, 8 Wentworth Avenue, Toongabbie.

(b) Land and Building valuation

The Club's land and buildings were revalued at 30 June 2012 by independent valuers. Valuations were made on the basis of open market value in an arms length transaction based on similar properties. The Directors have assessed the Fair Value of land and Buildings at 30 June 2013, no changes in the fair value occurred during the year.

Toongabbie Sports and Bowling Club Limited

ABN: 32 001 050 371

Notes to the Financial Statements
For the Year Ended 30 June 2013

2013
\$

2012
\$

7 Property, plant and equipment continued

(c) 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 \$	Total \$
Year ended 30 June 2013				
Balance at the beginning of year	849,000	4,498,521	421,169	5,768,690
Additions	-	1,587,406	1,967,313	3,554,719
Disposals	-	(1,108,351)	-	(1,108,351)
Depreciation expense	-	-	(175,318)	(175,318)
Balance at the end of the year	849,000	4,977,576	2,213,164	8,039,740

8 Trade and other payables

CURRENT

Sundry creditors and accruals	451,306	226,102
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9 Borrowings

CURRENT

Secured liabilities:

Bank overdraft	-	3,311
Finance leases	131,199	121,624
National Australia Bank - Housing Loan	-	20,859
	131,199	145,794

NON-CURRENT

Secured liabilities:

Lease liability secured	135,492	-
National Australia Bank - Business Markets	800,000	1,400,000
National Australia Bank - Housing Loan	-	1,230,249
	935,492	2,630,249

All borrowings from the National Australia Bank are fully secured by Registered mortgages over the Club's properties. Leased liabilities are secured by the underlying leased assets.

Toongabbie Sports and Bowling Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013	2012
	\$	\$
10 Employee Benefits		
CURRENT		
Long service leave	39,619	81,155
	<hr/>	<hr/>
11 Reserves and retained surplus		
Capital Profits reserve		
The capital profits reserve records realised gains on sale of non-current assets.		
12 Leasing Commitments		
Finance leases		
Minimum lease payments:		
- not later than one year	131,199	45,056
- later than one year and not later than five years	135,492	76,568
Minimum lease payments	<hr/> <u>266,691</u>	<hr/> <u>121,624</u>
13 Financial Risk Management		
The main risks Toongabbie Sports and Bowling Club Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.		
The Club's financial instruments consist mainly of deposits with banks, 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:		
Financial Assets		
Cash and cash equivalents	433,386	1,499,529
Trade and other receivables	94,255	1,639,843
Total financial assets	<hr/> <u>527,641</u>	<hr/> <u>3,139,372</u>
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	451,306	226,102
Borrowings	1,066,691	2,776,043
Total financial liabilities	<hr/> <u>1,517,997</u>	<hr/> <u>3,002,145</u>

Toongabbie Sports and Bowling Club Limited

ABN: 32 001 050 371

Notes to the Financial Statements

For the Year Ended 30 June 2013

14 Members' Guarantee

The Club is incorporated under the *Corporations Act 2001* and is a Club limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$ 10 each towards meeting any outstandings and obligations of the Club. At 30 June 2013 the number of members was 6,904 (2012: 7,633).

15 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Club is \$ 198,338 .

16 Contingencies

In the opinion of the Directors, the Club did not have any contingencies at 30 June 2013 (30 June 2012:None).

17 Related Parties

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

18 Events Occurring After the Reporting Date

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

The club expects to secure the sale of \$500,000 (plus GST) in gaming entitlements from a contract agreed in February 2013.

19 Company Details

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

Toongabbie Sports and Bowling Club Limited
12 Station Rd
Toongabbie, NSW 2146

Toongabbie Sports and Bowling Club Limited

ABN: 32 001 050 371

Directors' Declaration

The directors of the Club declare that:

1. The financial statements and notes, as set out on pages 7 to 22, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Club.
2. In the directors' opinion, there are reasonable grounds to believe that the Club 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



Director

Dated 6.9.2013.

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF TOONGABBIE SPORTS AND BOWLING CLUB LIMITED**

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Toongabbie Sports and Bowling Club Limited (the Club) which comprises the statement of financial position as at 30 June 2013 and the statement of comprehensive income and the statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

THE RESPONSIBILITY OF THE DIRECTORS FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards -Reduced Disclosure Requirements and the Corporations Act 2001. This responsibility includes designing; implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Toongabbie Sports and Bowling Club Limited would be in the same terms if provided to the directors as at the time of this auditor's report.

AUDITOR'S OPINION

In our opinion, the financial report of Toongabbie Sports and Bowling Club Limited is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Club's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

ROBIN W. FRANKS, Partner
ENHANCE FINANCIAL PARTNERS SERVICES
PUBLIC ACCOUNTANTS


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Parramatta
Dated this *6th* day of *September* 2013