

Toongabbie Sports and Bowling Club Ltd

ABN: 32 001 050 371

Financial Statements

For the Year Ended 30 June 2014

Toongabbie Sports and Bowling Club Ltd

ABN: 32 001 050 371

Contents

For the Year Ended 30 June 2014

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Chairmans Report



This year has been largely about consolidating the clubs future and we continue to work towards that end, seeking to retire our modest debt and put some capital in the bank to allow further enhancements to our club, with the clubs restrooms, signage and carpark high on the agenda.

You may already know the club has lodged a Development Application for the subdivision of the clubs main property in preparation to negotiate with a large aged care developer to establish a high care facility behind the existing club house.

As a Board we have identified that the proposed subdivided lot is generally excess to our future requirements and has minimal use in it's current form. The proposed lot is effectively from the current BBQ out to Wentworth Ave.

For this reason we will be seeking approval from the members to declare the clubs proposed subdivided lot to be considered non-core property at this year's AGM.

If approved and if a successful sale can be reached we will ensure the land use is restricted and will then set about further improvements to your club as noted above, including establishing a new BBQ area closer to the club and all amenities.

I cannot stress enough that if successful in this regards the club will for the first time in many years be debt free and will have significant working capital to secure the clubs future and improve the members experience.

Your club has again contributed significantly more than it is required to under the Club Grants Scheme with community support totaling \$149,958 (2013 - \$141,878).

This support extends to more than 2,500 people within our community and is something you can be proud of as a member.

Congratulations must go to our Men's and Ladies Bowlers with both having their Grade 4 teams win the zone championship and representing the club with distinction at the State Championships.

Thanks also to all our sporting clubs for continuing to provide our local community with access to fantastic sporting competitions for the young and old at heart throughout the year.

As we approach the end of year as always my thoughts go to all our members, and their extended family members, who have lost a loved one in the last 12months.

While there are no elections this year the board remains aware that we are entrusted to guide your club into the future and will continue to work towards that goal.

I would like to thank our General Manager Andrew Lauridsen for all his hard work and for his consistent positive approach to all areas of the club business, it without doubt helps the club achieve the turn around it has over the last 20months, Andrew your efforts are appreciated by all from within the Toongabbie family.

Last but not least, of course we cannot achieve the customer satisfaction levels without the efforts of our staff and to this end I thank them all for their tireless efforts.

David Nugent
Chairman

Treasurers Report



As noted last year this year was to be focused on trading improvements and I am pleased to advise that we have achieved total trading sales growth of 19.6%. While some areas improved more and others less the year on year growth is pleasing as shown below.

These improved results continue as we speak and when combined with prudent cost control the clubs trading position continues to improve as the clubs strategies continue to be realised.

While it is anticipated we will show another positive trading outcome in 2015, the club still seeks to maximize it's financial return from all assets as appropriate – while still maintaining our commitment to the local community.

Sales Revenue	2014	2013	Var \$	Var %
Poker Machines	\$ 1,792,172	\$ 1,402,731	\$ 389,441	27.8%
Bar Sales	\$ 1,485,450	\$ 1,305,364	\$ 180,086	13.8%
Raffle, Bingo & Entertainment	\$ 106,333	\$ 85,730	\$ 20,603	24.0%
Sports Sales	\$ 92,978	\$ 79,617	\$ 13,361	16.8%
Rental Income	\$ 59,445	\$ 83,969	-\$ 24,524	-29.2%
Tab Income	\$ 46,261	\$ 43,811	\$ 2,450	5.6%
Keno Sales	\$ 42,765	\$ 30,367	\$ 12,398	40.8%
Total	\$ 3,625,404	\$ 3,031,589	\$ 593,815	19.6%

The clubs debt position continues to improve as demonstrated below with the clubs total debt being reduced by 62.6% or \$1,930,540 in 2 years while at the same time increasing the clubs net assets.

FINANCIAL POSITION	2014	2013	2012	Var 2014 v 2012	Var %
TOTAL ASSETS	\$ 8,539,194	\$ 8,594,045	\$ 8,942,736	-\$ 403,542	-4.5%
Trade Creditors	\$ 332,616	\$ 451,306	\$ 226,102	\$ 106,514	47.1%
Borrowings	\$ 180,545	\$ 131,119	\$ 145,794	\$ 34,751	23.8%
Employee Benefits	\$ 40,031	\$ 39,619	\$ 81,155	-\$ 41,124	-50.7%
CURRENT LIABILITIES	\$ 553,192	\$ 622,044	\$ 453,051	\$ 100,141	22.1%
Borrowings	\$ 599,568	\$ 935,492	\$ 2,630,249	-\$ 2,030,681	-77.2%
NON CURRENT LIABILITIES	\$ 599,568	\$ 935,492	\$ 2,630,249	-\$ 2,030,681	-77.2%
TOTAL LIABILITIES	\$ 1,152,760	\$ 1,557,536	\$ 3,083,300	-\$ 1,930,540	-62.6%
NET ASSETS	\$7,386,434	\$ 7,036,429	\$ 5,859,436	\$ 1,526,998	26.1%

At the time of writing the club is renegotiating its established loan with the bank and early indications are that there will be no issue re-establishing this facility.

In closing business is never "easy" and being a smaller business in a competitive environment up against larger competitors, it becomes essential to look ahead and plan for the future. And while this year's results are pleasing the board remain aware that debt should be a short term instrument used to achieve a goal and as such remain focused on appropriate use of debt.

Duane Gorry
Vice Chairman & Treasurer

CEO Report



When I look back at last year's report all I can say is what a difference a year makes. While we continue to improve, and need to do more, I am comfortable saying the clubs trading is becoming increasingly positive as noted in our Treasurer's report.

It would be fair to say that for most business' the year was again challenging with the only constant being change and often out of our control through regulation. However looking forward, from a political perspective at least, there is perhaps greater certainty in the medium term with both Federal and State governments now seemingly want to work with the industry to ensure facilities like ours remain a focal point within the community, and continue our significant community contributions.

As commented in our Chairman's report the club is looking to all areas to see continued improvement and as such the club lodged a DA to subdivide a small portion of land at the rear of the club with a view to selling it along with some residential houses. The land in itself currently provides minimal operation benefit while the residential properties are only returning around 2% which is simply substandard. While it was considered to just sell the residential properties this would have seen the clubs property landlocked. As we work through the process we will look to improve access and egress to the club once the required level certainty is gained.

If successful it will see the club unencumbered from the bank for the first time in many years and provide sufficient capital to allow the club to further improve your club and more importantly to plan further developments to increase the clubs relevance within the community, increase our income base and continue to improve the clubs ability to reinvest in itself.

Otherwise I trust all members are taking advantage of our new Members Rewards and earning 10% in points back on most purchases within the club when you use your membership card that can then spent back on any food or drink within the club. Equally, I congratulate all the members who have won in our Weekly Badge Draws with more than \$32,000 being given away since last year and another \$50,000 guaranteed over the next twelve (12) months.

We have now otherwise deployed the clubs new card based loyalty system across the club, along with the clubs paging system that now better enables the service expected by members when relaxing at the club. The cashless component is an added benefit to all members and visitors, and if you haven't tried it just ask one of our staff to demonstrate it – its easy.

PAYWAVE is also now accepted at the bar so just Tap & Go with no minimum purchase and free WiFi is now also available within the club.

Our caterer Domenic at Bluestone Pizza and Grill continues to create weekly specials set to entice your tastebuds and your hipocket while also offering 10% in loyalty points on most purchases.

I would like to personally thank all the staff for their support and efforts throughout the year. By and large they have needed to adapt to many changes and have embraced them. A special mention and farewell to Val Plunkett who has now retired after thirty (30) years with the club, a feat achieved by few and testament to her dedication to the club. Val will be missed by many and forgotten by few but is now enjoying some much deserved time with her family and grandchildren.

After some challenging times, with more certain to come, I appreciate the support and understanding of the members, the board, the staff and the broader Toongabbie community and promise that we will continue to work to improve in all respects, and where we don't I expect to hear from you.

Andrew Lauridsen
CEO

Toongabbie Sports and Bowling Club Ltd

ABN: 32 001 050 371

Directors' Report

For the Year Ended 30 June 2014

The directors present their report on Toongabbie Sports and Bowling Club Ltd for the financial year ended 30 June 2014.

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	Vice Chairman/ Treasurer	
Ross Sinclair	Director	
Peter Stankevicius	Director	
Stewart Bills	Director	
Tim Heyes	Director	
Trevor Lord	Director	Appointed 23 September 2013

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 Ltd 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 Company's activity occurred during the financial year.

Short and long term objectives

The Company'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 Company 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 Ltd

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Directors' Report

For the Year Ended 30 June 2014

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 10 Years

Special responsibilities Chairman

Duane Gorry

Qualifications Business Manager

Experience 5 years

Special responsibilities Treasurer

Ross Sinclair

Qualifications Retired Building Estimator

Experience 15 Years

Peter Stankevicius

Qualifications Machinist

Experience 17 years

Stewart Bills

Qualifications Butcher

Experience 3 years

Tim Heyes

Qualifications Operations Manager

Experience 2 years

Trevor Lord

Qualifications Retired Pharmacist

Experience 1 year

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

Toongabbie Sports and Bowling Club Ltd

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**Directors' Report
For the Year Ended 30 June 2014**

Meetings of directors


During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

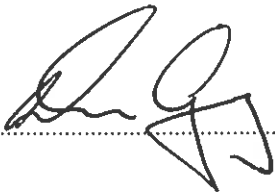
	Directors' Meetings	
	Number eligible to attend	Number attended
David Nugent	12	8
Duane Gorry	12	10
Ross Sinclair	12	9
Peter Stankevicius	12	11
Stewart Bills	12	11
Tim Heyes	12	9
Trevor Lord	10	9

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 2014 has been received and can be found on page 23 of the financial report.

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

Director: 

Director: 

Dated 25/09/2014

25/09/2014

Toongabbie Sports and Bowling Club Ltd

ABN: 32 001 060 371

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2014**

		2014	2013
	Note	\$	\$
Revenue	2	3,625,404	3,031,589
Other income	2	635,434	1,954,984
Cost of sales	3	(580,526)	(516,751)
Employee benefits expense	3	(1,078,032)	(1,011,919)
Depreciation and amortisation expense	3	(241,426)	(175,318)
Other expenses		(730,161)	(726,928)
Rental property expenses		(4,972)	(43,869)
Bar expenses		(138,436)	(140,474)
Utility expense		(156,804)	(173,217)
TAB costs		(43,995)	(39,004)
Finance costs		(42,211)	(154,119)
Sports expenses		(248,115)	(263,455)
Poker machine duty		(238,710)	(148,104)
Raffle expenses		(180,775)	(190,088)
Repairs and Maintenance		(64,645)	(73,371)
Cleaning expense		(92,999)	(99,994)
Profit before income tax		419,031	1,229,962
Income tax expense		-	-
Profit for the year		419,031	1,229,962
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		419,031	1,229,962

The accompanying notes form part of these financial statements.

Toongabbie Sports and Bowling Club Ltd

ABN: 32 001 060 371

Statement of Financial Position**As At 30 June 2014**

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	191,235	433,386
Trade and other receivables	5	55,664	94,255
Inventories	6	28,807	26,664
TOTAL CURRENT ASSETS		275,706	554,305
NON-CURRENT ASSETS			
Property, plant and equipment	7	8,263,488	8,039,740
TOTAL NON-CURRENT ASSETS		8,263,488	8,039,740
TOTAL ASSETS		8,539,194	8,594,045
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	332,616	451,306
Borrowings	9	180,545	131,199
Employee benefits	10	40,031	39,619
TOTAL CURRENT LIABILITIES		553,192	622,124
NON-CURRENT LIABILITIES			
Borrowings	9	599,568	935,492
TOTAL NON-CURRENT LIABILITIES		599,568	935,492
TOTAL LIABILITIES		1,152,760	1,557,616
NET ASSETS		7,386,434	7,036,429
EQUITY			
Reserves		2,053,057	2,053,057
Retained earnings		5,333,377	4,983,372
TOTAL EQUITY		7,386,434	7,036,429

The accompanying notes form part of these financial statements.

Toongabbie Sports and Bowling Club Ltd

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Statement of Changes in Equity

For the Year Ended 30 June 2014

	Retained Earnings	Capital Profits Reserve	Total
	\$	\$	\$
Balance at 1 July 2013	4,983,372	2,053,057	7,036,429
Profit for the year	419,031	-	419,031
Prior year adjustments	(69,026)	-	(69,026)
Balance at 30 June 2014	5,333,377	2,053,057	7,386,434
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

The accompanying notes form part of these financial statements.

Toongabbie Sports and Bowling Club Ltd

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Statement of Cash Flows For the Year Ended 30 June 2014

	2014	2013
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	4,725,457	6,519,766
Payments to suppliers and employees	(4,715,912)	(3,613,443)
Interest received	56	-
Net cash provided by (used in) operating activities	<u>9,601</u>	<u>2,906,323</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	1,432,826
Proceeds from sale of poker machine entitlements	500,000	-
Interest received	-	9,587
Purchase of property, plant and equipment	(465,174)	(3,554,719)
Net cash used by investing activities	<u>34,826</u>	<u>(2,112,306)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	190,123
Repayment of borrowings	(286,578)	(1,896,164)
Interest paid	-	(154,119)
Net cash used by financing activities	<u>(286,578)</u>	<u>(1,860,160)</u>
Net increase (decrease) in cash and cash equivalents held	(242,151)	(1,066,143)
Cash and cash equivalents at beginning of year	433,386	1,499,529
Cash and cash equivalents at end of financial year	4 <u>191,235</u>	<u>433,386</u>

The accompanying notes form part of these financial statements.

Toongabbie Sports and Bowling Club Ltd

ABN: 32 001 050 371

Notes to the Financial Statements

For the Year Ended 30 June 2014

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

The functional and presentation currency of Toongabbie Sports and Bowling Club Ltd 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 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 or 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 the 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 cost model.

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(d) Property, Plant and Equipment continued

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 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:

Fixed asset class	Depreciation rate
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 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.

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

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

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.

The Company 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 Company 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 Company 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 2014

1 Summary of Significant Accounting Policies continued

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(g) Employee benefits

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

Employee benefits expected to be settled more than twelve months after the end of the reporting period 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 satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

Contributions are made by the Company 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 Company 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 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 that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company 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.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

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.

Investment 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.

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 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.

(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 Company 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.

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(I) Critical accounting estimates and judgments continued

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 Ltd

ABN: 32 001 050 371

Notes to the Financial Statements

For the Year Ended 30 June 2014

2 Revenue and Other Income

	2014	2013
	\$	\$
Sales revenue		
- Poker machine revenue	1,792,172	1,402,731
- Bar sales	1,485,450	1,305,364
- Raffle, bingo and entertainment income	106,333	85,730
- Sports sales	92,978	79,617
- Rental income	59,445	83,969
- Tab income	46,261	43,811
- Keno sales	42,765	30,367
	<u>3,625,404</u>	<u>3,031,589</u>
Other Income		
- Interest received	56	9,587
- Sale of Gaming Entitlements	500,000	1,500,000
- Profit on sale of fixed assets	-	324,475
- Other income	135,378	120,922
	<u>635,434</u>	<u>1,954,984</u>

3 Result for the Year

The result for the year includes the following specific expenses

- Cost of sales	580,526	516,751
- Employee benefits expense	1,078,032	1,011,919
- Depreciation and amortisation expense	241,426	175,318
- Finance costs	42,211	154,119

4 Cash and cash equivalents

Cash on hand	81,279	144,281
Cash at bank	109,956	289,105
	<u>191,235</u>	<u>433,386</u>

5 Trade and other receivables

CURRENT

Trade receivables	30,048	45,242
Prepayments	-	12,871
Security deposits	5,000	5,000
Sub clubs	20,616	31,142
	<u>55,664</u>	<u>94,255</u>

Toongabbie Sports and Bowling Club Ltd

ABN: 32 001 050 371

Notes to the Financial Statements

For the Year Ended 30 June 2014

6 Inventories

	2014	2013
	\$	\$
CURRENT		
Raw materials and consumables, at cost	<u>28,807</u>	<u>26,664</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	3,436,671
Residential property at cost	<u>930,905</u>	<u>930,905</u>
	<u>4,977,576</u>	<u>4,977,576</u>
Total land and buildings	<u>5,826,576</u>	<u>5,826,576</u>

PLANT AND EQUIPMENT

Plant and equipment		
At cost	6,602,690	6,137,516
Accumulated depreciation	<u>(4,165,778)</u>	<u>(3,924,352)</u>
Total plant and equipment	<u>2,436,912</u>	<u>2,213,164</u>
Total plant and equipment	<u>2,436,912</u>	<u>2,213,164</u>
Total property, plant and equipment	<u>8,263,488</u>	<u>8,039,740</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 Lot 30/DP 1106209

Non-core Properties

4 Wentworth Avenue, Toongabbie Lot 9/DP 22506
6 Wentworth Avenue, Toongabbie Lot 8/DP 22506
8 Wentworth Avenue, Toongabbie Lot 7/DP 22506

Notes to the Financial Statements

For the Year Ended 30 June 2014

7 Property, plant and equipment continued

(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 arm's 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.

(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 2014				
Balance at the beginning of year	849,000	4,977,576	2,213,164	8,039,740
Additions	-	-	465,174	465,174
Depreciation expense	-	-	(241,426)	(241,426)
Balance at the end of the year	849,000	4,977,576	2,436,912	8,263,488

8 Trade and other payables

	2014 \$	2013 \$
CURRENT		
Sundry creditors and accruals	332,616	451,306

9 Borrowings

CURRENT

Secured liabilities:

Bank overdraft	5,460	-
Finance leases	175,085	131,199
	180,545	131,199

NON-CURRENT

Secured liabilities:

Lease liability secured	149,568	135,492
Bank loans	450,000	800,000
	599,568	935,492
Total borrowings	780,113	1,066,691

Toongabbie Sports and Bowling Club Ltd

ABN: 32 001 050 371

Notes to the Financial Statements For the Year Ended 30 June 2014

9 Borrowings continued

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.

10 Employee Benefits

	2014	2013
	\$	\$
Current liabilities		
Long service leave	40,031	39,619

11 Reserves and retained surplus

Capital Profits reserve

The capital profits reserve records realised gains on sale of non-current assets.

12 Leasing Commitments

(a) Finance leases

Minimum lease payments:

- not later than one year

- between one year and five years

Minimum lease payments

175,085	131,199
149,568	135,492
324,653	266,691

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 9 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and cash equivalents

Trade and other receivables

Total financial assets

191,235	433,386
55,664	94,255
246,899	527,641

Financial Liabilities

Financial liabilities at amortised cost

Trade and other payables

Borrowings

Total financial liabilities

332,616	451,306
780,113	1,066,691
1,112,729	1,517,997

Toongabbie Sports and Bowling Club Ltd

ABN: 32 001 050 371

Notes to the Financial Statements For the Year Ended 30 June 2014

14 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 \$ 10 each towards meeting any outstandings and obligations of the Company. At 30 June 2014 the number of members was 7,227 (2013: 6,904).

15 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Company is \$ 148,957 (2013: \$ 198,338).

16 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2014 (30 June 2013: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

The Club has a current commercial bill facility of \$800,000 (of which \$450,000 was drawn down as at 30 June 2014) with the National Australia Bank, due to expire 28 February 2015. Negotiations have begun with the National Australian Bank to extend the commercial bill facility with all other loan conditions remaining consistent.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

19 Company Details

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

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

Toongabbie Sports and Bowling Club Ltd

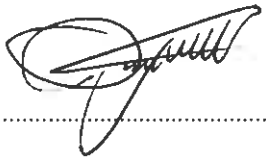
ABN: 32 001 050 371


Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 21, 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 2014 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 

Director 

Dated 25/09/2014.

25/09/2014

TOONGABBIE SPORTS AND BOWLING CLUB LIMITED

**AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF
THE CORPORATIONS ACT 2001 AS AT 30 JUNE 2014**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 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**



Parramatta
Dated this ~~24th~~ day of ~~September~~ 2014

Robin Franks FPNA

ABN 98 639 635 746

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Suite 2, 185 Gloucester Street The Rocks NSW 2000

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**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 2014 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.

Robin Franks FPNA

ABN 98 639 635 746

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INDEPENDENCE

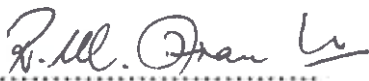
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Toongabbie Sports and Bowling Club Limited would be in the same terms if provided 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 2014 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


.....

Parramatta
Dated this *24th* day of *September* 2014

Robin Franks FPNA

ABN 98 639 635 746

PO Box R1996, Royal Exchange NSW 1225

Suite 2, 185 Gloucester Street, The Rocks NSW 2000

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