

Windale Gateshead Bowling Club Co-operative Limited

ABN 94 060 243 775

Financial Report

31 May 2015

Windale Gateshead Bowling Club Co-operative Limited

Financial Report – 31 May 2015

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Directors' Report

Your directors present their report on Windale Gateshead Bowling Club Co-operative Limited for the year ended 31 May 2015.

Directors

The following persons were directors of Windale Gateshead Bowling Club Co-operative Limited during the financial year and up to the date of this report:

F Botham
H Bulmer
B Kilduff
G Williams (appointed on 2 August 2014)
L Pyke
S Slaven
L Hyslop
R Drysdale (appointed on 2 August 2014)
S Strudwick (appointed on 2 August 2014)
K McFarlane (resigned on 2 August 2014)
W Meek (resigned on 2 August 2014)

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

Principal activities

The Co-operative's principal continuing activities during the year consisted of operating as a registered club, promoting the game of lawn bowls and providing amenities to members and their guests.

The entity's short-term objectives are to:

- Exceed members and guests needs and expectations on the provision of facilities, products and services.
- Support a safe and friendly environment for staff and customers that encourages the principles of the Responsible Service of Alcohol and the Responsible Conduct of Gaming.

The entity's long-term objectives are to:

- Provide the community a continual level of high quality services and facilities in a safe and friendly environment.
- Generate profits that will be reinvested into improved services and facilities for members and community support.

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

- The board of directors, management and staff together are committed to achieving the best practice principles which are measurable by the continual support of community partnerships whilst exceeding financial benchmarks.
- Meeting and surpassing our strategic goals is achieved through constant review and evaluation of business practices using the opinions of members and their guests, staff and professional alliances.

No significant changes in the nature of the Co-operative's activities occurred during the year.

Results

	2015 \$	2014 \$
Net Profit/(Loss)	<u>(211,797)</u>	29,398

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 May 2015 that has significantly affected, or may significantly affect:

- the Co-operative's operations in future financial years, or
- the results of those operations in future financial years, or
- the Co-operative's state of affairs in future financial years.

Likely developments and expected results of operations

There were no likely developments in the Co-operative's operations that were not finalised at the date of this report.

Environmental regulation

There are no significant environmental regulations that apply at the date of this report.

Directors' Report (continued)

Information on Directors

Director	Experience	Special Responsibilities
F Botham	Director for 11 years	Chairman
H Bulmer	Director for 13 years	Vice Chairman
B Kilduff	Director for 14 years	Social Director
G Williams	Director for 1 year	Bowls Director
L Pyke	Director for 8 years	Director
S Slaven	Director for 4 years	Director
L Hyslop	Director for 2 year	Director
R Drysdale	Director for 1 year	Director
S Strudwick	Director for 1 year	Director

Co-operative Secretary

Peter Hemingway held the position of Co-operative secretary at the end of the financial year. He was appointed Co-operative secretary on 29 December 2014.

Meetings of Directors

The number of meetings of the Co-operative's directors held during the year ended 31 May 2015, and the number of meetings attended by each director were:

	Normal directors meetings	Special directors meetings	Total directors meetings
Number of meetings held	12	12	24
Number of meetings attended by:			
F Botham	12/12	12/12	24/24
H Bulmer	12/12	12/12	24/24
B Kilduff	10/12	11/12	21/24
G Williams	10/10	12/12	22/22
L Pyke	11/12	10/12	21/24
S Slaven	8/12	4/12	12/24
L Hyslop	12/12	9/12	21/24
R Drysdale	10/10	10/12	20/22
S Strudwick	10/10	12/12	22/22
K McFarlane	3/3	-	3/3

Retirement, election and continuation in office of directors

G Williams, R Drysdale and S Strudwick were appointed on 2 August 2014.

K McFarlane and W Meeks resigned on 2 August 2014.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 May 2015 has been received and included on page 22.

This report is made in accordance with a resolution of the directors.

F Botham
Director

H Bulmer
Director

Windale
7 August 2015

Club Property Declarations

Pursuant to Section 41J(2) of the Registered Clubs Act the Directors declare that, for the financial year ended 31 May 2015, the classifications of the property held are as follows.

Core Property:

Property Address

Cnr. Swan Street and Lake Street, Windale NSW 2306

Current Usage

Clubhouse, Car park, Sporting Facilities

Notes to Members

1. Section 41J(2) of the Registered Clubs Act requires the annual report to specify the core property and non-core property of the Club as at the end of the financial year to which the report relates.
2. Core property is any real property owned or occupied by the Club that comprises:
 - a) The defined premises of the Club; or
 - b) Any facility provided by the Club for use of its members and their guests; or
 - c) Any other property declared by a resolution passed by a majority of the members present at a general meeting of ordinary members of the Club to be core property of the Club.
3. Non-core property is any other property other than that referred to above as core property and any property which is declared by the members at a general meeting of ordinary members of the Club not to be core property.
4. The significance of the distinction between core property and non-core property is that the Club cannot dispose of any core property unless:
 - a) The property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and
 - b) The disposal has been approved at a general meeting of the ordinary members of the Club at which the majority of the votes cast support the approval; and
 - c) Any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer.
5. These disposal provisions and what constitutes a disposal for the purposes of section 41J are to some extent modified by regulations made under the Registered Clubs Act and by Section 41J itself. For example, the requirements in paragraph 4 above do not apply to;
 - Core property that is being leased or licensed for a period not exceeding 10 years on terms that have been the subject of a valuation by a registered valuer;
 - Core property that is leased or licensed to a telecommunications provider for the purposes of a telecommunication tower.

Income Statement

For the year ended 31 May 2015

	Notes	2015 \$	2014 \$
Revenue from continuing operations	3	2,587,683	2,673,303
Expenses from continuing operations			
Cost of goods sold	4	(386,226)	(343,015)
Employee benefits expense		(782,486)	(697,922)
Depreciation and amortisation expenses	4	(240,312)	(234,368)
Other expenses from continuing operations		(1,390,456)	(1,368,600)
		(2,799,480)	(2,643,905)
Profit/(Loss) before income tax		(211,797)	29,398
Income tax expense		-	-
Profit/(Loss) from continuing operations		(211,797)	29,398
Total changes in equity		(211,797)	29,398

The above income statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 31 May 2015

	Notes	2015 \$	2014 \$
Current assets			
Cash and cash equivalents	5,17	622,100	572,547
Receivables	6,17	21,193	248,692
Inventories	7	17,927	17,730
Other	8	15,029	14,049
Total current assets		<u>676,249</u>	<u>853,018</u>
Non-current assets			
Property, plant and equipment	9	3,267,574	3,009,272
Total non-current assets		<u>3,267,574</u>	<u>3,009,272</u>
Total assets		<u>3,943,823</u>	<u>3,862,290</u>
Current liabilities			
Payables	10,17	343,395	345,747
Interest bearing liabilities	11,17	117,624	-
Provisions	12	100,952	124,876
Other	13	11,763	6,045
Total current liabilities		<u>573,734</u>	<u>476,668</u>
Non-current liabilities			
Interest bearing liabilities	14,17	196,030	-
Provisions	15	234	-
Total non-current liabilities		<u>196,264</u>	<u>-</u>
Total liabilities		<u>769,998</u>	<u>476,668</u>
Net assets		<u>3,173,825</u>	<u>3,385,622</u>
Equity			
Reserves	16a	2,659	2,659
Retained profits	16b	3,171,166	3,382,963
Total equity		<u>3,173,825</u>	<u>3,385,622</u>

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 May 2015

	Notes	2015 \$	2014 \$
Total equity at the beginning of the financial year		3,385,622	3,356,224
Total recognised income and expense for the year	16b	(211,797)	29,398
Total equity at the end of the financial year		3,173,825	3,385,622

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ended 31 May 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		2,819,347	2,906,051
Payments to suppliers and employees (inclusive of goods and services tax)		(2,433,469)	(2,767,315)
		385,878	138,736
Interest received		15,434	14,250
Net cash inflow from operating activities	20	401,312	152,986
Cash flows from investing activities			
Payments for property, plant and equipment		(312,551)	(283,995)
Proceeds from sale of property, plant and equipment		-	-
Net cash (outflow) from investing activities		(312,551)	(283,995)
Cash flows from financing activities			
Repayment of borrowings		(39,208)	-
Net cash (outflow) from financing activities		(39,208)	-
Net increase (decrease) in cash held		49,553	(131,009)
Cash at the beginning of the financial year		572,547	703,556
Cash at the end of the financial year	5	622,100	572,547
Commitments for expenditure	19		

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

31 May 2015

Note 1. Summary of significant accounting policies

The financial statements are for Windale Gateshead Bowling Club Co-operative Limited as an individual entity, incorporated and domiciled in Australia.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board, Co-operatives Act 1992 and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. 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, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) *Poker Machines*

Revenue is recognised as the gross clearance from all machines net of payouts.

(ii) *Other*

A sale is recorded when the goods or services have been provided to the customer.

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

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of weighted average costs.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured on the cost basis. The carrying amount of freehold land and buildings is reviewed to ensure it is not in excess of the recoverable amount based on valuations by external independent valuers, less subsequent depreciation for buildings, undertaken every three to five years.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

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

Plant and Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Notes to the Financial Statements

31 May 2015 (continued)

Note 1. Summary of significant accounting policies (continued)

(c) 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 fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The expected useful lives are as follows:

Buildings	20-40 years
Plant and equipment	1-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

(e) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Co-operative commits itself to either 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 recognised as expenses in profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

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 item in profit or loss.

Notes to the Financial Statements

31 May 2015 (continued)

Note 1. Summary of significant accounting policies (continued)

(e) Financial Instruments (continued)

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in the income statement is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in income statement is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Notes to the Financial Statements

31 May 2015 (continued)

Note 1. Summary of significant accounting policies (continued)

(e) Financial Instruments (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Impairment of assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in the income statement.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of assets, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

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

(g) 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 payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements.

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

(h) 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 balance sheet.

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(j) Income tax

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

(k) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Notes to the Financial Statements

31 May 2015 (continued)

Note 1. Summary of significant accounting policies (continued)

(l) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a balance sheet as at the beginning of the earliest comparative period must be disclosed.

(m) Trade and other payables

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

(n) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key estimates

Impairment

The freehold land and buildings were independently valued at 22 September 2014 by Preston Rowe Paterson. The valuation was based on the fair value less cost of disposal. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties. The freehold land and buildings were valued at \$3.9 million.

At 31 May 2015, the directors reviewed the key assumptions made by the valuers at 22 September 2014. They have concluded that these assumptions remain materially unchanged, and are satisfied that carrying amount does not exceed the recoverable amount of land and buildings at 31 May 2015.

Notes to the Financial Statements

31 May 2015 (continued)

Note 2. Segment information

The entity operates predominantly in one industry. The entity operates predominantly in one geographical area, being Windale, New South Wales.

Note 3. Revenue

	2015 \$	2014 \$
Revenue from continuing operations		
Sale of goods	842,419	785,371
Services	1,680,147	1,672,727
	<u>2,522,566</u>	<u>2,458,098</u>
Revenue from outside continuing operations		
Insurance claims	49,683	200,955
Interest	15,434	14,250
Revenue from continuing operations	<u>2,587,683</u>	<u>2,673,303</u>

Note 4. Profit from continuing operations

	2015 \$	2014 \$
Net gains and expenses		
Loss before income tax includes the following specific net gains and expenses:		
Expenses		
Cost of sales of goods	<u>386,226</u>	<u>343,015</u>
Depreciation		
Buildings	79,232	79,244
Plant and equipment	161,080	155,124
Total depreciation	<u>240,312</u>	<u>234,368</u>
Net loss/(profit) on disposal of non-current assets	<u>35,527</u>	<u>48,959</u>
Other provisions		
Employee entitlements	<u>52,133</u>	<u>44,276</u>

Note 5. Current assets – Cash and cash equivalents

	2015 \$	2014 \$
Cash at bank and on hand	<u>622,100</u>	<u>572,547</u>

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

Balances as above	622,100	572,547
Less: Bank overdrafts	-	-
Balances per cash flow statement	<u>622,100</u>	<u>572,547</u>

Deposits at call

The deposits were bearing floating interest rates between 0% and 3.35% (2014: 0% and 3.60%).

Notes to the Financial Statements

31 May 2015 (continued)

Note 6. Current assets – Receivables

	2015 \$	2014 \$
Accrued income	4,663	3,481
Other debtors	16,530	15,915
Net GST receivable	-	28,341
Insurance claims receivable	-	200,955
	21,193	248,692

Other debtors

These amounts generally arise from transactions outside the usual operating activities of the Co-operative. Interest is not normally charged. Collateral is not normally obtained.

Note 7. Current assets – Inventories

	2015 \$	2014 \$
Bar stock on hand – at cost	15,671	17,730
Bistro stock on hand – at cost	2,256	-
	17,927	17,730

Note 8. Current assets – Other

	2015 \$	2014 \$
Prepayments	15,029	14,049

Note 9. Non-current assets – Property, plant and equipment

	2015 \$	2014 \$
Land and buildings		
Freehold land at cost	279,850	279,850
Buildings		
At cost	4,203,103	4,203,103
Less: Accumulated depreciation	(2,403,637)	(2,324,405)
	1,799,466	1,878,698
Total land and buildings	2,079,316	2,158,548
Plant and equipment		
At cost	3,042,412	2,602,839
Less: Accumulated depreciation	(1,854,154)	(1,752,115)
Total plant and equipment	1,188,258	850,724
	3,267,574	3,009,272

Notes to the Financial Statements

31 May 2015 (continued)

Note 9. Non-current assets – Property, plant and equipment (continued)**Reconciliations**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are as set out below:

	Freehold land	Buildings and improvements	Plant and equipment	Total
	\$	\$	\$	\$
Carrying amount at 1 June 2014	279,850	1,878,698	850,724	3,009,272
Additions	-	-	534,858	534,858
Disposals	-	-	(36,244)	(36,244)
Depreciation expense	-	(79,232)	(161,080)	(240,312)
Carrying amount at 31 May 2015	279,850	1,799,466	1,188,258	3,267,574

Note 10. Current liabilities – Payables

	2015	2014
	\$	\$
Trade creditors	110,346	66,334
Accrued charges	138,598	85,578
Net GST liability	31,888	-
Other creditors	62,563	193,835
	343,395	345,747

Note 11. Current liabilities – Interest bearing liabilities

	2015	2014
	\$	\$
Poker machine payment plan	117,624	-

Note 12. Current liabilities – Provisions

	2015	2014
	\$	\$
Employee entitlements	99,797	124,876
Bonus points	1,155	-
	100,952	124,876

Note 13. Current Liabilities – Other

	2015	2014
	\$	\$
Sponsorship in advance	1,500	-
Subscriptions in advance	10,263	6,045
	11,763	6,045

Note 14. Non-current liabilities – Interest bearing liabilities

	2015	2014
	\$	\$
EBET Metropolis Card It system	196,030	-

Notes to the Financial Statements

31 May 2015 (continued)

Note 15. Non-current liabilities – Provisions

	2015 \$	2014 \$
Employee entitlements	234	-

Note 16. Reserves and retained profits

	2015 \$	2014 \$
(a) Reserves		
General reserve	2,659	2,659
(b) Retained profits		
Retained profits at the beginning of the financial year	3,382,963	3,353,565
Net profit/(loss)	(211,797)	29,398
Retained profits at the end of the financial year	3,171,166	3,382,963
	3,173,825	3,385,622

Note 17. Financial instruments**(a) Interest rate risk exposures**

The entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the entity intends to hold fixed rate assets and liabilities to maturity.

		Fixed interest maturing in:				Non- Interest Bearing \$	Total \$
		Floating interest rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$		
2015	Notes						
Financial assets							
Cash and deposits	5	31,944	433,102	-	-	157,053	622,100
Receivables	6	-	-	-	-	21,193	21,193
		31,944	433,102	-	-	178,246	643,293
Weighted average interest rate		0.10%	3.35%				
Financial liabilities							
Trade and other creditors	10	-	-	-	-	343,395	343,395
Interest bearing liabilities	11,14	-	-	-	-	313,654	313,654
		-	-	-	-	657,049	657,049
Weighted average interest rate							
Net financial assets (liabilities)		31,944	433,102	-	-	(478,803)	(13,756)

Notes to the Financial Statements

31 May 2015 (continued)

Note 17. Financial instruments (continued)

		Fixed interest maturing in:				Non-Interest Bearing	Total
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years		
2014		\$	\$	\$	\$	\$	\$
Financial assets							
Cash and deposits	5	660	414,214	-	-	157,673	572,547
Receivables	6	-	-	-	-	248,692	248,692
		660	414,214	-	-	406,365	821,239
Weighted average interest rate		0.0%	3.55%				
Financial liabilities							
Trade and other creditors	10	-	-	-	-	345,747	345,747
		-	-	-	-	345,747	345,747
Weighted average interest rate							
Net financial assets (liabilities)		660	414,214	-	-	60,618	475,492

(b) Net fair value of financial assets and liabilities*(i) On-balance sheet*

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the entity approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Note 18. Remuneration of directors

	2015 \$	2014 \$
Income paid or payable, or otherwise made available to directors in connection with the management of affairs of the Co-operative	16,000	12,790
The number of directors whose total income from the Co-operative was within the specified bands are as follows:		
\$ - \$	2015	2014
0 - 10,000	10	9

Notes to the Financial Statements

31 May 2015 (continued)

Note 19. Commitments for expenditure

	2015 \$	2014 \$
Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	22,557	22,443
Later than one year but not later than 5 years	53,177	47,437
	75,734	69,880
Representing:		
Non-cancellable operating leases	75,734	69,880
Operating leases		
Commitments for minimum lease payment in relation to non-cancellable operating leases are payable as follows:		
Within one year	22,557	22,443
Later than one year but not later than 5 years	53,177	47,437
Commitments not recognised in the financial report	75,734	69,880

Note 20. Reconciliation of net profit/ (loss) to net cash inflow from operating activities

	2015 \$	2014 \$
Net profit/(loss)	(211,797)	29,398
Depreciation and amortisation	240,312	234,368
Profit/(loss) on disposal of property, plant and equipment	35,527	48,959
Change in operating assets and liabilities		
(Increase)/Decrease in other debtors	227,499	(213,372)
(Increase)/Decrease in inventories	(197)	5,461
(Increase)/Decrease in other operating assets	(980)	5,054
Increase in creditors and accruals	128,920	38,594
Increase/(Decrease) in other operating liabilities	5,718	(3,322)
Increase/(Decrease) in provisions	(23,690)	7,846
Net cash inflow from operating activities	401,312	152,986

Note 21. Voluntary Change in Accounting Policy

The financial report has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to accounting for Land and Buildings.

The Directors' have decided to revert to the Cost Model of accounting for Land and Buildings. The change in policy has been implemented on 31 May 2015 and has been applied retrospectively.

The Club has previously used the Revaluation basis to account for Land and Buildings. The Directors' believe that accounting for Land and Buildings under the Cost model will result in the financial report providing more reliable and relevant information about the Club's financial position.

Notes to the Financial Statements

31 May 2015 (continued)

Note 21. Voluntary Change in Accounting Policy (continued)

The impact of the change in accounting policy on the Income Statement, Balance Sheet and Statement of Changes in Equity is set out below:

	2014 \$
Income Statement	
Expenses from continuing operations	
Depreciation and amortisation expenses – prior to change	247,188
Less: Reversal of annual depreciation expense on revaluation of Buildings	(12,820)
Depreciation and amortisation expenses – restated	<u>234,368</u>
Profit/(Loss) before income tax – prior to change	16,578
Add: Reversal of annual depreciation expense on revaluation of Buildings	12,820
Profit/(Loss) before income tax – restated	<u><u>29,398</u></u>
	2014 \$
Balance Sheet	
Assets	
Non-current assets	
Property, plant and equipment - prior to change	3,969,671
Less: Reversal of revaluation of Land	(550,150)
Less: Reversal of revaluation of Buildings	(512,812)
Add: Reversal of opening accumulated depreciation on revaluation of Buildings	89,743
Add: Reversal of annual depreciation expense on revaluation of Buildings	12,820
Property, plant and equipment - restated	<u><u>3,009,272</u></u>
Equity	
Reserves	
Reserves – prior to change	1,065,621
Less: Reversal of revaluation of Land	(550,150)
Less: Reversal of revaluation of Buildings	(512,812)
Reserves – restated	<u>2,659</u>
Retained profits	
Retained profits - prior to change	3,280,400
Add: Reversal of opening accumulated depreciation on revaluation of Buildings	89,743
Add: Reversal of annual depreciation expense on revaluation of Buildings	12,820
Retained profits - restated	<u>3,382,963</u>
Total equity – restated	<u><u>3,385,622</u></u>
	2014 \$
Statement of changes in equity	
Total equity at the beginning of the financial year – prior to change	4,329,443
Less: Reversal of asset revaluation reserve	(1,062,962)
Add: Reversal of opening accumulated depreciation on revaluation of Buildings	89,743
Total equity at the beginning of the financial year - restated	<u>3,356,224</u>
Total recognised income and expense for the year – prior to change	16,578
Add: Reversal of annual depreciation expense on revaluation of Buildings	12,820
Total recognised income and expense for the year – restated	<u>29,398</u>
Total equity at the end of the financial year – prior to change	4,346,021
Less: Reversal of asset revaluation reserve	(1,062,962)
Add: Reversal of total accumulated depreciation on revaluation of Buildings at year end	102,563
Total equity at the end of the financial year – restated	<u><u>3,385,622</u></u>

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 4 to 19:

- (a) comply with Accounting Standards, the Co-operative Act 1992, the Co-operatives Regulation 2005, and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Co-operative's financial position as at 31 May 2015 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Co-operative Act 1992; and
- (b) there are reasonable grounds to believe that the Co-operative 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 directors.

F Botham
Director

H Bulmer
Director

Windale
7 August 2015

Independent Audit Report to the Members of Windale Gateshead Bowling Club Co-operative Limited

Report on the Financial Report

We have audited the accompanying financial report Windale Gateshead Bowling Club Co-operative Limited (the Co-operative) as set out pages 4 to 20, which comprises the balance sheet as at 31 May 2015, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Club at the year's end.

Directors' Responsibility for the Financial Report

The directors of the Co-operative are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 judgment, 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 of the financial report that gives a true and fair view 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 Windale Gateshead Bowling Club Co-operative Limited, would be in the same terms if provided to the directors as at the date of this auditor's report on page 22.

Auditor's Opinion

In our opinion, the financial report of the Co-operative is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Co-operative's financial position as at 31 May 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations), the Co-operative Act 1992, the Co-operatives Regulation 2005 and the Corporations Regulations 2001.

BE McEwan

Newcastle
7 August 2015

McEwan and Partners Pty Ltd
Chartered Accountants

Auditor's Independence Declaration

As auditor for the Windale Gateshead Bowling Club Co-operative Limited for the year ended 31 May 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Windale Gateshead Bowling Club Co-operative Limited for the year ended 31 May 2015.

BE McEwan

Newcastle
7 August 2015

McEwan and Partners Pty Ltd
Chartered Accountants

**Disclaimer of Opinion on Additional Financial Data
of Windale Gateshead Bowling Club Co-operative Limited**

The additional financial data set out on the pages 24 to 30 is in accordance with the books and records of Windale Gateshead Bowling Club Co-operative Limited (the Co-operative) and is made subject to the auditing procedures applied in the statutory audit of the Co-operative for the year ended 31 May 2015.

It will be appreciated that the statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given.

Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than the Co-operative) in respect of the additional financial data, including any errors or omissions therein however caused.

BE McEwan

Newcastle
7 August 2015

McEwan and Partners Pty Ltd
Chartered Accountants

Operating Statement

31 May 2015

	2015 \$	2014 \$
Profit/ (Loss) From		
Bar trading	212,330	243,147
Gaming trading	1,040,060	993,900
Bistro trading	(20,992)	-
Bowling activities	(128,141)	(140,576)
	<u>1,103,257</u>	<u>1,096,471</u>
Expenses		
Entertainment expenses	138,831	125,423
Administration and other expenses	1,289,726	1,203,377
	<u>1,428,557</u>	<u>1,328,800</u>
Net trading (loss)	<u>(325,300)</u>	<u>(232,329)</u>
Other income		
Coffee machine income	2,276	1,993
Commissions	20,748	19,234
Insurance claims	49,683	200,955
Interest received	15,434	14,250
Function room hire	2,213	3,527
Members' subscriptions	13,137	13,986
Rent – Bistro	5,850	6,900
Sundry income	4,162	882
	<u>113,503</u>	<u>261,727</u>
Profit/(Loss) from continuing operations	<u>(211,797)</u>	<u>29,398</u>

The above operating statement has not been subject to audit – refer to the Disclaimer on page 23.

Bar Trading Statement

31 May 2015

	2015 \$	2014 \$
Income		
Sales	781,697	785,371
Cost of Goods Sold		
Opening stock	17,730	23,191
Purchases	349,488	330,299
Cartage	1,818	7,255
	369,036	360,745
Closing stock	15,671	17,730
	353,365	343,015
Gross Profit	428,332	442,356
Gross Profit %	54.8%	56.3%
Expenses		
Cleaning	2,487	1,199
Laundry	1,033	2,600
Promotions	17,866	14,623
Replacements	3,068	3,659
Repairs and maintenance	5,620	8,493
Stocktaker fees	6,765	6,600
Wages	179,163	162,035
	216,002	199,209
Profit from bar trading	212,330	243,147
Profit to sales %	27.2%	31.0%
Wages to sales %	22.9%	20.6%

The above operating statement has not been subject to audit – refer to the Disclaimer on page 23.

Gaming Trading Statement

31 May 2015

	2015 \$	2014 \$
Income		
Keno commission	52,420	68,334
TAB commission	16,677	14,260
Net poker machine clearances	<u>1,415,987</u>	<u>1,362,936</u>
	1,485,084	1,445,530
Expenses		
Central monitoring	32,945	34,345
Depreciation	129,789	122,839
TAB general expenses	9,644	12,670
Poker machine duty	139,769	123,746
Poker machine promotions	18,886	33,686
Repairs and maintenance	38,645	46,344
Wages - Poker machines	45,100	46,800
Wages - Keno	20,046	20,800
Wages - TAB	10,200	10,400
	<u>445,024</u>	<u>451,630</u>
Profit from gaming trading	1,040,060	993,900
Profit to total income	70.0%	68.8%

The above operating statement has not been subject to audit – refer to the Disclaimer on page 23.

Bistro Trading Statement

31 May 2015

	2015 \$	2014 \$
Income		
Sales	60,722	-
Cost of Goods Sold		
Opening stock	-	-
Purchases	35,118	-
	35,118	-
Closing stock	2,256	-
	32,862	-
Gross Profit	27,860	-
Gross Profit %	45.9%	-
Expenses		
Repairs and maintenance	132	-
Replacements	1,987	-
Wages	46,733	-
	48,852	-
Profit from bistro trading	(20,992)	-
Profit to sales %	(34.6%)	-
Wages to sales %	77.0%	-

The above operating statement has not been subject to audit – refer to the Disclaimer on page 23.

Bowling Trading Statement

31 May 2015

	2015 \$	2014 \$
Income		
Gala and green fees	9,412	11,459
Sponsorship – Bowls & BBQ's	9,091	12,545
Uniform sales	132	255
	18,635	24,259
Expenses		
Gala and green fees expenses	6,548	11,300
Men's Pennant expenses	11,339	14,531
NDBA and State representatives	2,786	400
Other bowls expenses	16,683	22,617
Presentation night	16,330	12,574
Women's Bowling Club	(806)	10,712
Membership & association fees	6,350	6,156
Repairs and Maintenance	18,361	17,975
Wages	69,185	68,570
	146,776	164,835
(Loss) from bowling activities	(128,141)	(140,576)

The above operating statement has not been subject to audit – refer to the Disclaimer on page 23.

Schedule of Expenses

31 May 2015

	2015	2014
	\$	\$
Entertainment expenses		
Musical entertainment	43,246	55,192
Catering	4,988	109
Bingo	(533)	6,588
Melbourne cup day	(1,456)	623
General social and entertainment of visitors	2,585	4,615
Courtesy bus	21,282	20,094
Rewards Centre	5,632	13,462
Raffles	22,603	(13,042)
Sporting channel	40,484	37,782
	138,831	125,423

The above operating statement has not been subject to audit – refer to the Disclaimer on page 23.

Schedule of Expenses

31 May 2015 (continued)

	2015 \$	2014 \$
Administration and other expenses		
Advertising	69,700	58,404
Allowances	4,461	12,840
Annual leave	40,000	32,063
Auditor's remuneration	15,140	14,400
Bank charges	992	1,679
Cleaning	124,324	120,785
Coffee machine expense	2,283	1,670
Computer expenses	18,969	16,180
Depreciation	110,523	111,678
Directors' honorariums	16,000	12,790
Directors' entertainment	1,902	1,554
Donations	16,384	13,369
Electricity	73,000	87,248
Equipment hire	25,676	19,109
Fines	680	-
Function room	931	1,006
Gas	3,256	1,336
General	6,856	6,015
Indoor plant hire	7,068	6,015
Insurance	72,863	66,487
Interest	2,377	-
Kids club	565	-
Legal costs	52,382	1,966
Long Service Leave	6,000	6,405
Net loss on disposal of non-current assets	35,527	48,959
Payroll tax	3,207	-
Postage	271	763
Printing and Stationery	8,741	6,504
Professional fees	19,364	10,024
Promotional giveaways	9,417	1,717
Rates	30,333	26,808
Repairs and Maintenance	70,615	66,638
Security	21,787	56,935
Sick leave	6,133	5,808
Staff benefits and allowances	28,477	22,872
Subscriptions	10,601	7,852
Superannuation	69,695	64,812
Telephone	30,896	21,001
Uniforms	2,869	7,729
Wages	269,461	261,956
	1,289,726	1,203,377

The above operating statement has not been subject to audit – refer to the Disclaimer on page 23.