

Merimbula-Imlay Bowling Club Ltd
ABN 89 001 064 008



CLUB
Sapphire

MERIMBULA

2011-2012

ANNUAL REPORT AND
BALANCE SHEET

CHAIRMAN'S REPORT

At the 2010/11 Board elections, all nine existing Directors agreed to stay on the Board for a further term to see through the implementation of the de-amalgamation of the Tura Beach premises of MIBC. This historic initiative was completed and implemented on 22 February 2012. This project took two years to achieve, having been first considered by the Board at the January 2010 Board meeting.

The Board worked together to achieve this result. I thank all Directors for their hard work and I wish Tura Beach Country Club Ltd success for the future.



Many thanks to our CEO, Damien Foley and Operations Manager, Lerrel McDonald and their hardworking staff for the many hours implementing the first de-amalgamation of a club in NSW.

Our CEO shouldered a massive load to bring this project to fruition and on behalf of the Board and members I thank him very much for his vision, leadership and dedication.

At this year's AGM, held later than normal on 22 January 2012 (due to de-amalgamation), all Tura related Board members stood down and four Merimbula Bowling members were elected unopposed, giving the Board a full complement of Merimbula Bowling members for the first time in ten years.

Due to tougher trading conditions, this year's company EBITDA was down on last year but was still almost \$1.6 million (excluding de-amalgamation expenses). A good result in the circumstances.

A major highlight during the year was the Club winning the prestigious People's Choice Award at the 2012 ClubsNSW Awards for Excellence. The Board decided to donate \$5,000 of the \$10,000 prize money to five local charities and to give all 104 of the Club's staff a \$50 gift in recognition of their commitment to the Club.

Our members' promotions and entertainment have been excellent this year including cars, boats, caravans and cash giveaways. Congratulations to all winners.

On the bowling front we had a very good year headlined by the Board appointing one of Australia's best bowlers, Michael Wilks, as the Club's first full time Bowls Development Officer. The Men's No. 2 Pennant Side won the Zone 7 Final and our lady bowlers achieved well earned success in the Singles, Pairs, Triples, and Fours at the Regional Finals. The ladies are off to the State Finals in November and I wish them well. The Men's side performed well in their State Final in August but unfortunately found the competition a bit tough. The experience will put the men's side in good shape for next year, well done to all concerned.

To the members and patrons, thanks for your support throughout this past year. I take this opportunity to extend condolences to the families who have lost their loved ones.

G.G. Hammond

Chairman

22nd August, 2012

TREASURER'S REPORT

The financial performance of the Club Limited is outlined in detail within the Annual Report. As treasurer, I present this report to members and submit that your Management and Board has undertaken every opportunity and care in seeking to maximise return for the members. Additionally procedures are in place to safeguard the interest of all members.



Financially 2011-2012 has been a challenging year. A decline in net profit was recorded due to de-amalgamation costs and member discounts. Although allowance was made in the budget estimates, these costs/discounts had a significant impact on net profit in the current economic conditions. Member discounts for the Merimbula venue totalled \$192,637 and de-amalgamation costs this financial year were \$288,412, without the disposal of assets, which brought the total cost of this activity to \$419,484. Total revenue for the financial year was comparable to historical values of around \$12,723,241, while expenditure was inflated by the transfer of assets to TBCC of \$2,224,410 resulting in a loss of \$2,481,314

Although the financial year results are given in detail by the various financial reports I would like to highlight the overall results for the Club Ltd.

- Total revenue \$12,723,241
- Total wages including other employee costs \$4,623,402
- Capital expenditure \$934,000
- Net cash flow from operations \$1,359,902
- Value of members net assets \$15,107,622

Financial monitoring by both your Management and Board identified the slowdown in trading early in the financial year. A number of actions were implemented to reduce costs and in some instances increased prices. Staff rosters were examined and amended, bar prices increased and purchasing optimised.

Capital expenditure budgets were examined and action taken to reduce or defer non-essential items. The end results were a reduction in Merimbula venue capital expenditure from a budget figure of \$1,050,000 to an actual expense of \$830,915.

Your club has contributed significantly to the economy of the local community in a number of ways. These contributions have taken the form of employment, the purchase of materials and services, financial contributions to sporting and community organisations.

In this financial year the monetary benefits of club activities to the local community included:

- The Club employed 105 permanent and casual staff.
- Goods purchased and services provided totalled \$7.4 million.
- Community contributions in the form of grants or goods in kind added to \$81,637.

Finally I would like to congratulate the management and staff for their dedication and commitment and have pleasure in presenting the audited financial reports to all members.

C. Fella

Treasurer

22nd August, 2012

DIRECTORS' REPORT

1. Your Directors present their report on the Company for the financial year ended 30th June 2012.
2. The names of the Directors in office at any time during or since the end of the year are:

Robin Barry BELL	Retired 22nd January, 2012
Graham Phillip BROWN	Retired 22nd January, 2012
Kevin Russel COX	Retired 22nd January, 2012
Norman George HAMILTON	Retired 22nd January, 2012
Ruth Lesley THOMPSON	Retired 22nd January, 2012
Peter Batman WEIRE	Retired 22nd January, 2012
Geoff COLLINS	Appointed 22nd January, 2012
Costa FELLA	Appointed 22nd January, 2012
Warren HARDING	Appointed 22nd January, 2012
Terence KILLEN	Appointed 22nd January, 2012
Ronald James CHRISTIE	
Gerald George HAMMOND	
Brian John KENNEDY	

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

3. **Principal Activities:** The principal activities of the Company during the financial year consisted of the operation of a licensed sporting club for members of the Company. Prior to the de-amalgamation of the Tura Beach premises on 22nd February 2012 the Company operated two licensed sporting clubs.
4. **Short Term and Long Term Objectives, Strategies and Reviews:** The primary object of the Company during the financial year was to encourage, foster and promote the games of bowls, golf, tennis and other sports as made and determined by the Club from time to time. To support this objective, the Club has a further objective to be recognised as the leading provider of leisure and entertainment on the Sapphire Coast.

Strategies to achieve these objectives:

- Improve the services, facilities and environment so that we are the Club of choice.
- Create a culture that embraces change, innovation, excellence and modern practices.
- Continue to provide events which are well run and are an enjoyable experience for all.
- Continue to foster strong relationships with all stakeholders to strengthen their support for the Club.
- Maintain a reputation for providing a modern, friendly, and safe experience.
- Create a "customer first" culture amongst all our staff through the provision of outstanding customer service.
- Diversify our revenue base to reduce our reliance on gaming.

Principal Activities linked to objectives:

The principal activities provided the funding to support the primary objective.

Measurement of Performance:

The company monitors and measures its performance against several key performance indicators including:

- Gross revenues
- Gross profit margins
- Wages as a percentage of revenue

DIRECTORS' REPORT

- Total costs
 - Net operating profit
 - EBITDA
 - Capital expenditure to EBITDA
 - Current ratio
 - Membership trends
5. **Operating Results:** The net loss for the year amounted to \$2,481,314. The Company is exempt from income tax under S50-45 of the Income Tax Assessment Act 1997 (ITAA97). (See Statement of Comprehensive Income)
 6. **Dividends Paid or Recommended:** Not applicable as company has no share capital.
 7. **Review of Operations:** During the year the company produced an EBITDA of \$1,594,457 (excluding de-amalgamation costs). Please refer to Chief Executive Officer's Report for a detailed explanation.
 8. **Significant Changes in State of Affairs:** During the year the Company had a significant change with the de-amalgamation of the Tura Beach premises of MIBC Ltd on 22nd February, 2012.
 9. **Matters Subsequent to the end of the Financial Year:** The Federal Government has previously announced that income tax exempt 'not for profit organisations' would be subject to income tax on commercial activities. It is not yet clear how a club's gaming, food, beverage and entertainment income will be defined under this new initiative.
 10. **Environmental Issues:** The Company is subject to environmental regulations from various authorities. To the best of the directors' knowledge, all activities have been undertaken in compliance with all relevant regulations.
 11. **Information on Directors:** The particulars of the qualifications (i), experience (ii), and special responsibilities (iii) of each Director are as follows:

Robin Barry BELL

- (i) Formerly Associate of The Chartered Institute of Company Secretaries (ACIS). Formerly member of the National Institute of Accountants (MNI). Completed Financial Management Program at Stanford University (USA) Graduate School of Business in 1986. Retired in July 1999.
- (ii) For 35 years prior to retirement was Finance Director/Controller of MSV Advertising Pty Ltd, Barlow Marine Ltd (International yacht fittings manufacturer) and Mascot Industries Ltd (abattoirs, meat by-products, shopping centres and hotel proprietor). Treasurer/Director Ryde-Parramatta Golf Club 1993-1995. Treasurer/Director Tura Beach Country Club June 2000-November 2002.
- (iii) Elected to the Board October 2007.

Graham Phillip BROWN

- (i) Building Supervisor, Senior Health and Building Surveyor, Property Manager (Local Government) 35 years, Building Consultant (self-employed) 8 years.
- (ii) Committee Tura Beach Men's Golf Club 5 years, including 2 years as Captain. Currently President.
- (iii) Elected to the Board October 2007.

Ronald James CHRISTIE

- (i) Master Butcher for 25 years. Certificate in Horticulture at Burnley College, Melbourne. Managed Surfside Holiday Apartments for 13 years. Retired.
- (ii) Committee member of Merimbula Tourism for 12 years. President for 3 years. Accredited Bowls Coach and Umpire 16 years. Bowling Club Match Committee for 14 years and 5 years as Bowls Secretary.

DIRECTORS' REPORT

- (iii) Elected to the Board October 2007. Currently Deputy Chairman and Chairman of the Board's Bowling Committee, Strategic Planning Committee and Member of Merimbula Land Development Committee and Merimbula Sections Liaison Committee.

Kevin Russel COX

- (i) Completed Toolroom Apprenticeship and a range of advertising and marketing courses at Swinburne, RMIT, and General Motors tertiary institutions in Australia and USA. Held middle management positions with GM-Holden in manufacturing, marketing, public relations and engineering over 50 years. Owned and operated licensed supermarket for 5 years.
- (ii) Life member of Leichardt Ski Club. Former member of Port Melbourne Lions and Emerald Rotary Clubs. Past member of Sailing Committee Royal Brighton Yacht Club.
- (iii) Elected to the Board 2009.

Geoffrey Francis COLLINS

- (i) National Advertising Manager for major financial institution. Licensed Real Estate and Business agent for over 30 years. Owner and Director of Real Estate Agencies on the South Coast. Undertook a range of marketing, professional development and public speaking courses during my career.
- (ii) Club member for 30 years. Formerly a member of the Australian Association of National Advertisers. Former Committee member of South Coast chapter of the Real Estate Association of New South Wales.
- (iii) Elected to the Board in January 2012. Currently member of Finance Committee, Rules and Disciplinary Committee and Building and Land Development Committee.

Costa FELLA

- (i) Retired. Graduated Melbourne University with Bachelor of Engineering and Masters of Engineering Science Degrees. Project Manager Operations, Industrial Waste with Board of Works and Senior Project Engineer, Sewerage Design and Engineering Consultant.
- (ii) Previously Director and Treasurer of Auswide Projects, Secretary Merimbula Travelling Bowlers, National Bowls Umpire Level 1 and member of District Umpires Panel.
- (iii) Elected to Board January 2012. Currently Treasurer and Chair of the Strategic Planning Committee.

Norman George HAMILTON

- (I) Graduated Melbourne Grammar School. Industrial Photographer for 20 years. Also Managing Director of Jenkins Bros. Engineers (Aust) Pty Ltd.
- (II) Board member Croydon Golf Club for 11 years and served as President for 4 years. Committee member of Merewether (Newcastle) Golf Club.
- (III) Elected to the Board October 2009.

Gerald George HAMMOND

- (i) Proprietor of family business for 31 years. Fashion agencies and curtain manufacturing to the retail industry, including Special Interior Decorators.
- (ii) Member of MIBC Social Committee for 2 years and 50th Anniversary Celebrations Committee.
- (iii) Elected to the Board 2006. Currently Chairman and member of Finance Committee.

Warren HARDING

- (i) 30 years in gas industry in Sydney held many positions including manager of Natural gas conversions in Sydney and NSW country towns. Manager Service and Mains Department Western Sydney.

DIRECTORS' REPORT

- (ii) Owned and operated a country taxi for 5 years. Owned a management consultancy company, managing a number of natural gas projects in Queensland, Victoria and West Australia.
- (iii) Elected to the Board in 2012. Currently a member of the Strategic Planning Committee, Tournaments Committee, Liaison Committee, Membership Promotion and Sponsorship Committee, Rules and Disciplinary Committee and Bowling Committee.

Brian John KENNEDY

- (i) Retired. 21 years with a major bank. Proprietor of successful family business before working with Australian Hosiery Company.
- (ii) Club member since 1998. Served on all Bowling Committees. President Men's Bowling Club 3 years.
- (iii) Elected to the Board September 2006. Currently member of Finance Committee, Rules and Disciplinary Committee, Land Development Committee, Bowling Committee and Merimbula Sections Liaison Committee.

Terence KILLEN

- (i) Owned and operated Importing Clothing Company before retiring in 1992.
- (ii) President Vermont Cricket Club for five years, consisting of 6 senior and 6 junior sides. Served three years on Victoria's Father of the Year Council.
- (iii) Elected to the Board 2012 and currently a member of the Tournament Committee, Strategic Planning Committee, Rules and Disciplinary Committee and Liaison Committee.

Ruth Leslie THOMPSON

- (i) Trained nurse 20 years – specialty neurology. Final nursing position Assistant Director of Nursing – Quality Assurance and Planning Royal Canberra Hospital. Graduated ANU 1984 – Bachelor of Arts (double major in Economics). Employed in Federal Public Sector 12 years with senior positions in budget strategy, policy and planning.
- (ii) Past president Queanbeyan Women's Golf Club and member of Queanbeyan Golf Club Finance Committee. Past Committee member Tura Beach Ladies Golf Club, including two and a half years as Ladies Captain. Secretary Tura Beach Women's Bowling Club 2009/10.
- (iii) Elected to the Board 2009.

Peter Batman WEIRE

- (i) Certificate of Engineering (Mechanical), Certificate of Marine Engineering (RAN), Certificate in Food Technology.
- (ii) Joint Managing Director and Franchisee of Jenny Craig Weight Loss Centres (SA). Managing Director of P.B. Weire and Associates (20+ years consultancy to golfing industry). Managing Director of Leader Corporate Marketing, Head of Golf Operations Hilton Hotels UAE, PGA/IGI Referee, Executive Director of Gold Coast District Golf Association, Chief Marshall of Australian Open and Queensland PGA, Director and Club Captain of Paradise Springs Golf Club.
- (iii) Elected to the Board 2009.

DIRECTORS' REPORT

Meetings of Directors: The number of meetings of Directors (including sub-committees) held during the financial year and the meetings attended by each Director were:

<i>Director</i>	Board Meetings		Committee Meetings
	<i>Number attended</i>	<i>Number eligible</i>	<i>Number attended</i>
Bell R.B.	6	6	6
Brown G.P.	5	6	8
Christie R.J.	11	13	19
Collins G.	6	7	10
Cox K.R.	6	6	12
Fella C.	7	7	10
Hammond G.G.	13	13	21
Hamilton N.G.	6	6	8
Harding W.	6	7	10
Kennedy B.J.	12	13	26
Killen T.	7	7	10
Thompson R.	6	6	11
Weire P.B.	6	6	13

12. **Directors' Benefits:** No Director has received, or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company controlled entity or a related body corporate with the Director, a firm of which a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts.
13. **Auditor's Independence Declaration:** The Auditor's independence declaration for the year ended 30th June, 2012 has been received.
14. **Members' Details and Guarantee:** The Company is Limited by Guarantee. If the Company is wound up, its Articles of Association state that each member is required to contribute a maximum of \$2.00 towards meeting any outstanding obligations of the Company. As at 30th June, 2012, the number of members was 7472.

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

G.G. Hammond

Chairman

22nd August, 2012

DECLARATION OF DIRECTORS

The Directors of the Company declare that:

- The financial statements and notes for the year ended 30th June, 2012, are in accordance with the Corporations Act 2001:
 - comply with Australian Accounting Standards; and
 - give a true and fair view of the financial position as at 30th June, 2012, and of the performance of the Company for the year ended on that date.
- 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.

G.G. Hammond

Chairman

22nd August, 2012

CHIEF EXECUTIVE OFFICER'S REPORT

It is with pleasure I present this report on behalf of the management team.

This year saw a number of major milestones for the Club. The most significant of these being the de-amalgamation of MIBC Ltd and Club Sapphire Merimbula winning the People's Choice Award at the 2012 ClubsNSW Awards for Excellence.



On 22 February 2012, after two years of preparation, the de-amalgamation of the Tura Beach premises of MIBC Ltd was implemented. On that day, ownership of all MIBC Ltd's Tura-related assets (other than Lot 1442), and the employment contracts and entitlements of all Tura venue employees, were transferred to the newly formed TBCC Ltd.

Special thanks to the Board for your dedication to the de-amalgamation process. This was a very complicated but essential project for both MIBC and TBCC and the Board's unwavering commitment to see this project through to implementation was essential.

The work undertaken by the Tura Beach Steering Committee, headed by its Chairman Kevin Nowland, in establishing the viability of the new club and preparing the new club for trade and receipt of the Tura related assets, was outstanding. Thank you to Kevin and his fellow committee members and the long list of helpers, for all their hard work. On behalf of all MIBC Ltd staff, we wish the team at the new TBCC every success in the future.

The pleasing but unexpected People's Choice award was presented to Club Sapphire Merimbula at a gala black tie dinner at Darling Harbour in Sydney on 1 June. This award is the only award decided by the public and it is fitting tribute to the hard work, professionalism and dedication of the Club's staff. I congratulate every member of the Club's staff, because this award is your award. The Club is privileged to have such a great team of employees. Thank you one and all for your ongoing efforts.

The Club's trading performance in 2011/12 produced a company EBITDA of \$1.6million (excluding de-amalgamation costs), down from last year's terrific result of \$1.9million (excluding de-amalgamation costs). Lower revenue in the first quarter (a trend across the local industry) was a major factor in a less profitable year. Gaming, our major revenue source, was down 1.9% for the year.

Whilst a reduction of 1.9% may not be alarming, it is indicative of a major issue facing our industry. The overwhelming majority of clubs in NSW rely on gaming as their main source of revenue. Strong gaming revenue has allowed clubs like ours to substantially subsidise its other trading departments and sporting activities etc. Community interest in gaming as a form of entertainment has been in decline since 2003/04 in Merimbula. In the last eight years, the combined gaming revenue of the two major clubs in Merimbula (MIBC and Merimbula RSL) has declined in real terms by almost 20% (CPI adjusted). This is a major challenge for the club industry and one that is dictating the need for change.

Some progress was made during the year in relation to the proposed public road through the vacant land at the rear of the Merimbula clubhouse. This road will provide access to the rear of the Club, Merimbula Nominees' supermarket site and BVSC's old library site. Both the Board of the Club and BVSC have given approval to the proposed Voluntary Planning Agreement which sets the terms and conditions for the road to be constructed, however at the time of writing Merimbula Nominees had not yet executed this agreement. It is hoped that this will be finalised soon.

Thank you to the Board for your continued support and encouragement of the management team and finally and most importantly, many thanks to all club members for your ongoing support of the Club. Your patronage is absolutely essential for the success of the Club and is very much appreciated.

CHIEF EXECUTIVE OFFICER'S REPORT

EBITDA COMPARATIVE FIGURES:			
	MERIMBULA	TURA	COMPANY
2005/06 Operating Profit (Loss)	\$761,875	(\$296,775)	\$465,100
Depreciation	\$926,291	\$366,973	\$1,293,264
EBITDA*	\$1,688,166	\$70,198	\$1,758,364
2006/07 Operating Profit (Loss)	\$868,582	(\$237,624)	\$630,958
Depreciation	\$931,320	\$371,182	\$1,302,502
EBITDA*	\$1,799,902	\$133,558	\$1,933,460
2007/08 Operating Profit (Loss)	\$210,250	(\$231,490)	(\$21,240)
Depreciation	\$916,577	\$324,911	\$1,241,488
EBITDA*	\$1,126,827	\$93,421	\$1,220,248
2008/09 Operating Profit (Loss)	(\$314,370)	(\$65,389)	(\$379,759)
Depreciation	\$969,723	\$301,017	\$1,270,740
EBITDA*	\$655,353	\$235,628	\$890,981
2009/10 Operating Profit (Loss)	(\$258,195)	(\$102,876)	(\$361,071)
Depreciation	\$1,384,808	\$267,229	\$1,652,037
EBITDA*	\$1,126,613	\$164,353	\$1,290,966
2010/11 Operating Profit (Loss)	\$227,282	(\$29,391)	\$197,891
Depreciation	\$1,376,884	\$261,246	\$1,638,130
EBITDA*	\$1,604,166	\$231,855	\$1,836,021
2011/12 Operating Profit (Loss)			
Before De-Amalgamation Expenses and Disposal of Asset	\$52,480	(\$20,972)	\$31,508
De-Amalgamation Expenses and Disposal of Asset	(\$288,412)	(\$2,224,410)	(\$2,512,822)
Depreciation	1,408,876	154,073	1,562,949
EBITDA*	\$1,172,944	(\$2,091,309)	(\$918,365)

*(Earnings Before Interest Paid, Tax, Depreciation and Amortisation)

D.C. Foley

Chief Executive Officer

22nd August, 2012

BOARD OF DIRECTORS 2011/2012



Back (from left): Brian Kennedy, Geoff Collins, Terry Killen, Warren Harding
Front: Damien Foley (C.E.O), Costa Fella (Treasurer), Gerald Hammond (Chairman),
Ron Christie (Deputy Chair), Lerrel McDonald (Operations Manager)

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial report of Merimbula-Imlay Bowling Club Ltd, which comprises the statement of financial position as at 30 June, 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Statement

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

INDEPENDENT AUDITOR'S REPORT

statement, 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 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. However, our statutory audit does not cover all details of dissection of financial data.

Independence:

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Electronic Presentation of Audited Financial Report:

This auditor's report relates to the financial report of 2012 that may be included on the Company's website. The auditor's report refers only to that financial report and it does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report.

Auditor's Opinion:

In our opinion, the financial report of Merimbula-Imlay Bowling Club Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June, 2012, and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001 – Reduced Disclosure Requirements as per Note 1 to the financial statements.

Richard C. Parbery F.C.P.A.

Registered Company Auditor (1864)
101 Main Street Merimbula NSW 2548
22nd August, 2012

AUDITOR'S INDEPENDENCE DECLARATION

Under Section 307C of the Corporations Act 2001 to the Directors of Merimbula-Imlay Bowling Club Ltd.

I declare that, to the best of my knowledge and belief, during the year ended 30th June 2012, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Richard C. Parbery F.C.P.A.

Registered Company Auditor (1864)
101 Main Street Merimbula NSW 2548
22nd August, 2012

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th June, 2012

2010/11 \$		2011/12 \$
13,266,325	Revenue from Ordinary Activities (Note 1e)	12,321,527
401,650	Other Income (Note 1e)	401,714
8,403	Gain on Sales (Note 1e)	2,117
(2,096,637)	Cost of Sales	(1,924,166)
(4,682,510)	Employee Expenses	(4,623,402)
(1,638,130)	Depreciation and Amortisation Expenses	(1,562,949)
(513,674)	Repairs and Maintenance	(465,635)
(222,999)	Advertising and Promotions	(153,982)
(230,521)	Insurances	(246,719)
(135,124)	Council Rates and Land Taxes	(105,010)
(360,389)	Electricity and Gas	(362,404)
(25,557)	Printing, Postage and Stationery	(34,372)
(1,146,569)	Poker Machine Tax	(1,053,878)
(821,068)	Sections – Bowls, Golf, Tennis	(608,655)
(84,994)	Cleaning Contract	(39,767)
(1,412,187)	Other Operating Expenses	(1,512,911)
306,019	Operating Surplus before De Amalgamation Expense and Disposal of Asset	31,508
(108,128)	De-Amalgamation Expense	(288,412)
–	Disposal of Asset (Note 6d)	(2,224,410)
197,891	Operating Surplus (Deficit) before Income Tax	(2,481,314)
	Income Tax attributable to Operating Surplus (Deficit) (Note 1c)	
197,891	Operating Surplus (Deficit) attributable to Members of the Company	(2,481,314)

STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June, 2012

2010/11 \$		2011/12 \$
197,891	Operating Profit (Loss)	(2,481,314)
17,391,046	Retained Profits at the beginning of the Financial Year	17,588,937
17,588,937	Retained Profits at the end of the Financial Year	15,107,623

STATEMENT OF FINANCIAL POSITION

For the year ended 30th June, 2012

2010/11 \$			2011/12 \$
	CURRENT ASSETS:		
4,209,028	Cash Assets	(Note 3)	4,180,827
156,637	Receivables	(Note 3a)	145,789
157,906	Inventories	(Note 4)	138,975
90,132	Other	(Note 5)	70,853
4,613,703	Total Current Assets		4,536,444
	NON-CURRENT ASSETS:		
0	Loan Tura Beach Country Club Ltd	(Note 6b)	112,205
14,998,056	Property, Plant and Equipment	(Note 6)	12,199,975
14,998,056	Total Non-Current Assets		12,312,180
19,611,759	Total Assets		16,848,624
	CURRENT LIABILITIES:		
977,904	Payables	(Note 7)	826,719
433,544	Provisions	(Note 8)	380,099
133,520	Other	(Note 9)	105,098
1,544,968	Total Current Liabilities		1,311,916
	NON-CURRENT LIABILITIES:		
7,115	Security Deposits		7,700
470,739	Provisions	(Note 8)	421,385
477,854	Total Non Current Liabilities		429,085
2,022,822	Total Liabilities		1,741,001
17,588,937	Net Assets		15,107,623
	MEMBERS' EQUITY:		
17,588,937	Retained Profits		15,107,623
17,588,937	Total Members' Equity		15,107,623

STATEMENT OF CASH FLOWS

For the year ended 30th June, 2012

2010/11 \$		2011/12 \$
	CASH FLOW FROM OPERATING ACTIVITIES:	
13,138,181	Receipts from Customers	12,244,860
(11,766,359)	Payments to Suppliers and Employees	(11,332,268)
165,025	Interest Received	237,589
241,648	Members' Subscriptions Received	209,720
1,778,495	Net Cash Provided by Operating Activities (Note 15b)	1,359,901
	CASH FLOW FROM INVESTING ACTIVITIES:	
636	Proceeds from Sale of Property, Plant and Equipment	409
(1,063,536)	Payment for Property, Plant and Equipment	(951,397)
–	De-Amalgamation	(437,114)
(1,062,900)	Net Cash used in Investing Activities	(1,388,102)
	CASH FLOW FROM FINANCING ACTIVITIES:	
–	Net cash provided by financing activities	–
715,595	Net increase in Cash Held	(28,201)
3,493,433	Cash at beginning of Financial Year	4,209,028
4,209,028	Cash at End of Financial Year (Note 15a)	4,180,827

NOTES TO AND FORMING PART OF THE ACCOUNTS

For the year ended 30th June, 2012

The Financial statements cover Merimbula-Imlay Bowling Club Ltd as an individual entity, incorporated and domiciled in Australia. Merimbula-Imlay Bowling Club Ltd is a company limited by guarantee.

NOTE 1 – Summary of Significant of Accounting Policies:

Basis of Preparation:

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, (including Australian Accounting interpretations) and the Corporations Act 2001.

The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards and these financial statements have been prepared in accordance with Australian Accounting Standards – reduced disclosure requirement and the Corporations Act 2001 (Cth).

Australian Accounting Standards set out Accounting Policies that the AASB has concluded would result in a 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 stated otherwise.

These financial statements have been prepared in accordance with Australian Accounting Standards – reduced disclosure requirements as issued by the Australian Standards Board (The AASB).

NOTES TO AND FORMING PART OF THE ACCOUNTS

The financial statements except for the Cash Flow information have been prepared on and 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. The financial statements were authorised for issue on 22nd August , 2012 by the Directors of the Company.

Adoption of New and Revised Accounting Standards

In the current year the Company has adopted all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods. The adoption of these new standards and interpretations has not resulted in any changes to the Companies accounting policies that have affected the amounts reported for the current and prior years.

Early adoption of accounting standards

The Company has elected to apply the following pronouncements to the annual reporting period

- AASB 1053 application of tears of Australian accounting standards and AASB 2010-2 Amendments to Australian accounting standards arising from Reduced Disclosure Requirements.

None of the items in the financial statements had to be restated as result of applying this standard.

The adoption of AASB 1053 and AASB 2011-2 allowed the entity to remove a number of disclosures.

There were no other impacts on the current or prior year's financial statements.

Accounting Policies

- (a) **Property, Plant and Equipment:** Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property: Freehold land and buildings are shown at cost less subsequent depreciation for buildings. It is the policy of the entity to have an independent valuation every three years by an external independent valuer, with annual appraisals being made by the directors.

Plant and Equipment: Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. 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. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1k) for details of impairment.

Depreciation: The depreciable amount of all fixed assets, including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready 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 depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	4%
Plant and Equipment	10-35%

NOTES TO AND FORMING PART OF THE ACCOUNTS

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting period. 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 disposal are determined by comparing proceeds with the carrying amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

- (b) **Inventories:** Inventories are measured at the lower of cost and net realisable value.
- (c) **Income Tax:** The Company is exempt from Income Tax under Section S50-45 of the Federal Income Tax Act.
- (d) **Comparative Figures:** When required by accounting standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.
- (e) **Employee Benefits:** Provision is made for the Company's liability for employee benefits arising from services rendered by the 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.
- (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 six months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.
- (g) **Revenue Recognition:** Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of taxes, returns, trade allowances, rebates and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. Revenue is recognised for the major business activities as follows:

Sale of Goods: Revenue is taken to account when the control of the goods has passed to the buyer.

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

Rental Income: Revenue is taken to account in the period to which the rent relates.

Subscriptions: Subscriptions for annual membership are recognised in revenue over the membership year.

2011 \$	OPERATING ACTIVITIES:	2012 \$
2,830,320	Bar Sales	2,609,874
6,622,196	Poker Machine Revenue	6,206,020
2,634,914	Catering Sales	2,645,119
174,637	TAB/Keno Revenue	167,311
368,843	Bowls Income	269,421
569,434	Golf Income	363,983
65,981	Social Subscriptions Income	59,799
13,266,325		12,321,527

NOTES TO AND FORMING PART OF THE ACCOUNTS

2011 \$	NON-OPERATING ACTIVITIES:	2012 \$
192,225	Interest Revenue	216,632
132,673	Rent Received	118,198
76,752	Other Revenue	66,884
401,650		401,714
8,403	Gain on Sale	2,117
13,676,378		12,725,358

(h) **Critical Accounting Estimates and Judgements:** The directors evaluate estimates and judgements incorporated into the financial report 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 Company.

(i) **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 Company commits itself to either purchase or sell 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. 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:

- (i) the amount of which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (iv) 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, transactions 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.

Financial Liabilities: Non-derivative financial liabilities are subsequently measured at amortised cost.

NOTES TO AND FORMING PART OF THE ACCOUNTS**(j) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. 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 taxation authority is included with other receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority, are presented as operating cash flows.

(k) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there are 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 to use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statements.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Trade Receivables:

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(m) Trade and Other Payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(n) Members' Subscriptions in Advance:

Subscriptions received in advance for the financial year have been carried forward as a current liability.

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2012:**

MIBC BAR TRADING

2010/11			2011/12
\$			\$
1,717,363.13	Bar Sales	1,726,196.64	
293,108.44	Rockpool TAB Bar Sales	303,335.78	
2,010,471.57	Total Bar Sales		2,029,532.42
84,050.20	Opening Stock	94,238.66	
765,933.42	Purchases	757,402.95	
849,983.62		851,641.61	
94,238.66	Less Stock on Hand	88,087.71	
755,744.96	Cost of Goods Sold		763,553.90
1,254,726.61	Gross Profit		1,265,978.52
	LESS EXPENSES:		
47,515.82	Depreciation	46,890.67	
3,186.36	Freight	3,369.61	
18,568.70	Insurance	25,533.31	
89,587.84	Members' Discount	94,959.00	
33,755.12	Payroll Tax	30,305.26	
31,135.15	Repairs and Maintenance	28,350.43	
5,774.36	Requisites	5,247.80	
5,227.56	Staff Amenities	11,339.20	
26,775.33	Staff Training	17,715.09	
57,478.35	Superannuation	61,312.18	
3,927.44	Uniforms	6,407.90	
623,097.24	Wages	642,781.17	
12,378.56	Waste Disposal	10,446.00	
958,407.83	Total Expenses		984,657.62
296,318.78	Net Profit		281,320.90

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2012:**

MIBC CATERING TRADING

2010/11		2011/12
\$		\$
2,374,434.68	Sales – Bistro and Functions	2,289,256.25
84,559.72	Sales – Rockpool Café	355,862.97
18,095.45	Contract Catering Rent	
2,477,089.85	Total Sales	2,645,119.22
25,970.92	Opening Stock	29,424.61
965,167.52	Purchases	941,599.88
991,138.44		971,024.49
29,424.61	Less Stock on Hand	45,742.71
961,713.83	Cost of Goods Sold	925,281.78
1,515,376.02	Gross Profit	1,719,837.44
	LESS EXPENSES:	
11,836.77	Cleaning	11,741.80
124,822.26	Depreciation – Plant and Equipment	130,317.20
30,710.57	Depreciation – Furniture and Fittings	30,069.15
1,164.91	Freight	1,826.00
36,468.24	Gas	40,041.57
29,590.73	Insurance	52,269.83
9,239.66	Laundry	9,489.33
19,853.59	Materials not for Resale	25,290.41
73,164.72	Members' Discount	97,678.77
56,815.04	Payroll Tax	63,637.86
1,649.65	Printing and Stationery	904.01
51,232.82	Repairs and Maintenance	57,984.96
13,992.74	Staff Training	15,675.63
97,852.94	Superannuation	112,160.62
5,761.21	Uniforms	9,180.13
1,080,517.28	Wages – Bistro and Functions	1,098,581.70
46,822.08	Wages – Rockpool Cafe	199,911.50
20,108.06	Waste Disposal	18,915.77
1,711,603.27	Total Expenses	1,975,676.24
(196,227.25)	Net Loss	(255,838.80)

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2012:**

MIBC POKER MACHINE TRADING

2010/11		2011/12
\$		\$
5,639,327.98	Revenue after Payouts	5,532,701.88
	LESS EXPENSES:	
289,469.95	Depreciation	327,955.29
7,731.82	Insurance	12,362.58
2,593.99	Jackpot Provision	2,590.18
17,605.00	Payroll Tax	20,779.69
56,522.64	Promotions	81,543.17
135,365.01	Repairs and Maintenance	137,881.91
2,687.78	Requisites	3,931.50
2,107.83	Staff Amenities	3,640.60
1,185.69	Staff Training	4,475.98
32,630.70	Superannuation	39,780.81
1,137,486.97	Supplementary Tax	1,043,458.50
382,767.47	Wages	399,846.11
<u>2,068,154.85</u>	Total Expenses	<u>2,078,246.32</u>
<u>3,571,173.13</u>	Net Profit	<u>3,454,455.56</u>

MIBC KENO/TAB TRADING

2010/11		2011/12
\$		\$
149,809.38	Revenue	146,853.83
	LESS EXPENSES:	
23,276.94	Depreciation	23,608.12
1,737.04	Insurance	2,561.05
15,988.44	Repairs and Maintenance	14,857.83
5,028.68	Requisites	4,373.13
8,414.17	Promotions	10,034.73
26,652.49	Sky Channel Subscriptions	27,704.13
364.26	Staff training	148.14
6,054.15	Superannuation	6,582.38
73,784.27	Wages	77,449.44
3,751.85	Payroll Tax	3,766.04
<u>165,052.29</u>	Total Expenses	<u>171,084.99</u>
<u>(15,242.91)</u>	Net Loss	<u>(24,231.16)</u>

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2012:**

GYMNASIUM

2010/11		2011/12
\$		\$
80,926.92	Gymnasium Fees	84,001.20
	LESS EXPENSES:	
8,206.61	Depreciation	8,208.99
1,073.71	Repairs and Maintenance	1,877.07
<hr/>		<hr/>
9,280.32	Total Expenses	10,086.06
<hr/>		<hr/>
71,646.60	Net Profit	73,915.14

BOWLING SECTIONS

2010/11		2011/12
\$		\$
172,114.87	Competition and Green Fees	140,127.42
26,901.27	Subscriptions	31,089.55
0.00	Bowls Shop Net Profit	2,727.57
<hr/>		<hr/>
199,016.14	Total Revenue	173,944.54
	LESS EXPENSES:	
13,837.76	Association Fees	13,515.00
56,179.44	Depreciation – Plant Greens	62,005.51
46,671.51	Greens and Surrounds Maintenance	42,326.44
5,159.64	Insurance	6,505.76
10,617.12	Motor Vehicles and Equipment	5,856.58
6,547.10	Payroll Tax	7,304.47
120,840.00	Sections	109,838.36
19.74	Staff Training	252.62
10,789.31	Superannuation	13,115.97
77,286.75	Tournament Expenses	67,433.47
1,487.63	Uniforms and Staff Amenities	6,663.71
129,857.29	Wages – Bowls	154,345.80
<hr/>		<hr/>
479,293.29	Total Expenses	489,163.69
<hr/>		<hr/>
(280,277.15)	Net Loss	(315,219.15)

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2012:**

MIBC INCOME SUMMARY

2010/11 \$		2011/12 \$
296,318.78	Bar Net Profit	281,320.90
(196,227.25)	Catering Net Loss	(255,838.80)
3,571,173.13	Poker Machine Net Profit	3,454,455.56
(15,242.91)	Keno/TAB Net Loss	(24,231.16)
(280,277.15)	Bowling Net Loss	(315,219.15)
192,224.77	Interest Received	216,632.08
14,090.00	Rent Received	14,310.48
71,646.60	Gymnasium Net Profit	73,915.14
65,981.36	Subscriptions – Social and Gym Members	59,799.46
68,012.03	Other Income	59,355.41
7,499.03	Profit on Disposal of Asset	1,707.79
3,795,198.39	Total Gross Income	3,566,207.71
	LESS EXPENSES:	
122,017.33	Advertising	139,146.02
36,000.00	Audit Fees	39,400.00
16,219.96	Bank Fees	17,241.94
4,964.27	Car Park/Surrounds Repairs/Maintenance	8,644.07
194,065.85	Cleaning Including Wages	196,712.36
13,996.67	Courtesy Bus Expenses	9,027.36
600,172.47	Depreciation – Building	602,442.51
3,105.86	Depreciation – Courtesy Bus	6,398.29
63,346.12	Depreciation – Furniture and Fittings	72,404.28
130,078.10	Depreciation – Plant Clubhouse	98,575.63
8,897.26	Directors' Expenses	9,086.34
1,538.92	Dishonoured Cheques	971.50
84,175.92	Donations	80,655.22
247,945.00	Electricity	255,300.67
223,126.52	Entertainment	244,038.90
1,984.04	Fringe Benefits	5,223.75
24,000.00	Honoraria	35,200.00
148,431.31	House Repairs and Maintenance	117,667.41
20,071.24	Office Equipment Repairs/Maintenance	22,178.56
120,412.00	Insurance	106,901.96
16,160.52	Land Tax	18,023.46
14,264.01	Legal Fees	1,850.55
108,127.57	De-Amalgamation – Legal and Other Expenses	288,412.41
11,553.50	Licence Fees – Other	11,814.13
37,346.61	Long Service	43,208.75
5,263.35	Management Meals	6,002.28
102,693.54	Members' Direct Expenses	109,180.35
7,115.72	Motor Vehicle Expenses	7,173.62
518.15	Occupational Health and Safety	1,424.21
41,162.94	Payroll Tax	43,064.63

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2012:**

2010/11		2011/12
\$	LESS EXPENSES: (continued)	\$
21,118.95	Postage and Stationery	31,562.00
69,061.76	Professional Services	54,315.46
4,249.46	Residential	12,940.52
78,584.91	Rates – Council	55,437.71
11,920.91	Security Services	3,169.06
566.15	Shortages	(1,037.03)
327.92	Sponsorship/Trophies	175.46
16,766.06	Staff and Directors' Training	18,857.91
13,234.12	Subscriptions	15,029.37
33,212.58	Telephone	31,685.06
29,821.30	Uniform and Staff Amenities	16,788.94
0	Recruitment Costs	1,785.16
68,515.02	Superannuation	79,523.72
175,957.64	Wages - Door	179,667.43
153,589.31	Wages – Creche, Bus, Miscellaneous	195,073.16
	Wages – Management, Clerical, Training, Advertising, Entertainment	509,794.52
482,235.09		
3,567,915.93	Total Expenses	3,802,139.61
227,282.46	Net Profit (Loss) MIBC	(235,931.90)

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 22ND FEBRUARY, 2012:**

TBCC BAR TRADING

2010/11 (12 mths) \$		2011/12 \$
819,848.56	Bar Sales	580,341.18
32,393.49	Opening Stock	34,242.69
302,246.34	Purchases	202,011.57
334,639.83		236,254.26
34,242.69	Less: Bar Stock on Hand	–
300,397.14	Cost of Goods Sold	236,254.26
519,451.42	Gross Profit	344,086.92
	LESS EXPENSES:	
0.00	Depreciation	629.90
2,476.19	Freight	1,281.80
1,842.07	Insurance	2,826.98
40,954.96	Members' Discount/Points Earned	23,769.04
13,267.90	Payroll Tax	9,000.69
1,013.85	Requisites	287.29
16,064.25	Repairs and Maintenance	7,657.78
2,529.67	Staff Training	364.29
25,004.28	Superannuation	17,737.53
661.51	Uniforms	194.58
265,777.24	Wages	182,128.57
6,161.54	Waste Disposal	4,494.99
375,753.46	Total Expenses	250,373.44
143,697.96	Net Profit	93,713.48

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 22ND FEBRUARY, 2012:**

TBCC CATERING TRADING

2010/11 (12 mths) \$		2011/12 \$
175,919.69	Catering Sales	
19,561.11	Catering Contract and Outgoings	19,885.71
195,480.80	Total Sales	19,885.71
0.00	Opening Stock	0.00
78,781.00	Purchases	0.00
78,781.00	Cost of Goods	0.00
116,699.80	Gross Profit	19,885.71
	LESS EXPENSES:	
719.29	Cleaning	8.95
9,629.62	Depreciation – Plant and Equipment	2,885.49
51.65	Freight	162.60
4,339.95	Gas	10,271.87
655.00	Insurance	0.00
938.81	Laundry	638.24
607.86	Materials Not for Resale	0.00
4,831.50	Payroll Tax	0.00
45.27	Printing and Stationery	0.00
18,471.45	Repairs and Maintenance	10,091.73
1,177.19	Staff Training	0.00
6,778.32	Superannuation	0.00
102,506.85	Wages - Catering	0.00
7,153.88	Waste Disposal	6,414.04
157,906.64	Total Expenses	30,472.92
(41,206.84)	Net Loss	(10,587.21)

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 22ND FEBRUARY, 2012:**

TBCC POKER MACHINE TRADING

2010/11 (12 mths) \$		2011/12 \$
982,868.19	Revenue After Payouts	673,317.84
	LESS EXPENSES:	
70,766.21	Depreciation	42,571.25
431.15	Insurance	836.76
1,250.95	Jackpot Provision	0.00
4,343.70	Payroll Tax	2,707.84
4,936.38	Promotions	829.38
40,553.62	Repairs and Maintenance	27,616.66
173.55	Requisites	682.08
7,259.67	Superannuation	5,149.53
9,081.54	Supplementary Tax	10,419.88
82,085.16	Wages	52,875.20
220,881.93	Total Expenses	143,688.58
761,986.26	Net Profit	529,629.26

TBCC TAB/KENO TRADING

2010/11 (12 mths) \$		2011/12 \$
24,827.77	Revenue	20,457.43
	LESS EXPENSES:	
6.82	Payroll Tax	8.39
757.28	Promotions	1,074.00
10,788.56	Repairs and Maintenance	9,064.26
1,098.87	Requisites	875.75
15,130.36	Sky Channel Subscriptions	10,163.37
151.64	Wages	175.92
27,933.53	Total Expenses	21,361.69
(3,105.76)	Net Loss	(904.26)

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 22ND FEBRUARY, 2012:**

TBCC COURSE AND GREENS TRADING

2010/11 (12 mths) \$		2011/12 \$
503,463.87	Course/Greens Revenue	312,717.02
235,796.38	Members' Subscriptions	147,666.15
739,260.25	Total Revenue	460,383.17
	LESS EXPENSES:	
4,462.51	Amortisation – Golf Course	2,578.20
25,989.04	Association Fees	24,705.89
57,008.88	Depreciation – Plant and Equipment	37,651.15
1,816.26	Depreciation – Tennis Court	1,211.09
142,583.11	Golf Course Expenses	89,066.28
39,973.40	Golf Professional Expenses	26,280.64
19,871.48	Greens and Surrounds	16,194.74
1,989.07	Insurance	5,687.37
50,612.14	Motor Vehicle Equipment	42,002.12
15,099.53	Payroll Tax	8,671.25
218,885.79	Sections	144,528.53
6,473.59	Staff Training	836.35
26,360.56	Superannuation	14,712.24
53,899.63	Tournament Expenses	22,451.82
3,567.52	Uniforms	3,281.58
298,110.65	Wages – Course/Greens	174,907.34
966,703.16	Total Expenses	614,766.59
(227,442.91)	Net Loss	(154,383.42)

TBCC INCOME SUMMARY

2010/11 (12 mths) \$		2011/12 \$
143,697.96	Bar Net Profit	93,713.48
(41,206.84)	Catering Net Loss	(10,587.21)
761,986.26	Poker Machine Net Profit	529,629.26
(3,105.76)	Keno/TAB Net Loss	(904.26)
(227,442.91)	Course/Greens Net Loss	(154,383.42)
8,739.85	Other Income	7,529.07
903.47	Profit on Disposal of Asset	409.09
643,572.03	Total Gross Income TBCC	465,406.01
	LESS EXPENSES:	
30,351.43	Advertising	14,835.84
10,200.00	Audit Fees	6,800.00
2,586.96	Car Park and Surrounds	18,345.27
60,586.30	Cleaning Contract	39,766.94
2,721.75	Courtesy Bus	5,355.13

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 22ND FEBRUARY, 2012:**

2010/11 (12 mths) \$	LESS EXPENSES (continued):	2011/12 \$
0.00	Courtesy Bus Depreciation	3,758.62
88,856.27	Depreciation – Building	52,213.72
3,359.13	Depreciation Furniture and Fittings	1,105.69
25,347.31	Depreciation	9,467.94
1,541.20	Donations	982.00
71,635.52	Electricity	56,789.54
78,470.13	Entertainment	54,061.58
6,000.00	Honoraria	8,800.00
40,836.81	Repairs and Maintenance	30,406.73
42,403.56	Insurance	31,232.98
1,275.50	Legal Fees	1,306.75
4,229.55	Licence Fees	1,431.84
8,033.41	Long Service Leave	5,630.16
0.00	Loss on Disposal of Asset	2,224,410.00
33,828.29	Members' Direct Expenses	18,741.35
3,795.56	Payroll Tax	2,417.20
2,743.13	Postage and Stationery	1,905.95
952.88	Professional Services	2,450.00
40,378.38	Rates	31,548.36
3,383.74	Security Services	1,384.45
654.09	Shortages	635.00
657.28	Staff Training	1,189.47
2,849.50	Subscriptions	6,588.75
6,497.50	Superannuation	4,780.57
16,120.26	Telephone	13,426.61
8,560.53	Uniform and Staff Amenities	10,750.95
48,239.36	Wages – Management and Clerical	36,592.13
25,867.67	Wages – Courtesy Bus and Miscellaneous	11,676.73
<hr/>	<hr/>	<hr/>
672,963.00	Total Expenses TBCC	2,710,788.25
<hr/>	<hr/>	<hr/>
(29,390.97)	Net Loss TBCC	(2,245,382.24)

NOTES TO THE FINANCIAL ACCOUNTS FOR THE YEAR ENDING 30TH JUNE, 2012:

NOTE 3 – CASH:

40,957.00	Cash on Hand	30,595.00
225,000.00	Change – Cash Float	195,000.00
160,016.23	Westpac Banking Corporation - Secured	238,383.57
18,330.13	Westpac Banking Corporation – Keno	9,352.85
23,733.43	Westpac Banking Corporation – TAB	10,343.61
81,666.32	Sections Bank Accounts	9,537.58
3,659,324.79	Short Term Investments	3,687,614.46
<hr/>	<hr/>	<hr/>
4,209,027.90		4,180,827.07

NOTE 3a – RECEIVABLES:

48,237.97	Trade Debtors	53,060.68
108,398.98	Debtors – Other	92,728.36
<hr/>	<hr/>	<hr/>
156,636.95		145,789.04

**NOTES TO THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 30TH JUNE, 2012:**

2010/11 \$		2011/12 \$
NOTE 4 – INVENTORIES:		
94,238.66	Stock on Hand at Cost – Bar	88,087.71
29,424.61	– Catering	45,742.71
0.00	– Bowls Shop	5,143.97
34,242.69	– Tura Beach Bar	0.00
157,905.96		138,974.39
NOTE 5 – OTHER:		
90,132.00	Prepayments	70,853.10
90,132.00		70,853.10
NOTE 6 – PROPERTY, PLANT AND EQUIPMENT – FIXED ASSETS:		
183,975.56	Greens – Plant and Equipment	208,894.61
(119,212.03)	Less: Provision for Depreciation	(138,211.60)
64,763.53		70,683.01
39,726.28	Kitchen – Plant and Equipment	37,410.28
232,214.28	Rockpool Café – Plant and Equipment	242,992.37
(110,429.60)	Less: Provision for Depreciation	(147,746.90)
161,510.96		132,655.75
3,790.91	Kitchen – Furniture and Fittings	3,790.91
90,580.56	Rockpool Café – Furniture and Fittings	90,580.56
(48,898.90)	Less: Provision for Depreciation	(62,983.70)
45,472.57		31,387.77
585,243.74	New Bistro – Plant and Equipment	598,894.82
(171,189.99)	Less: Provision for Depreciation	(261,873.89)
414,053.75		337,020.93
89,039.03	New Bistro – Furniture and Fittings	89,039.03
(33,948.81)	Less: Provision for Depreciation	(49,933.16)
55,090.22		39,105.87
2,551,613.45	Poker Machines	2,740,665.02
(1,826,367.70)	Less: Provision for Depreciation	(1,831,433.15)
725,245.75		909,231.87
177,365.44	Computa Game	177,365.44
(101,022.06)	Less: Provision for Depreciation	(136,423.70)
76,343.38		40,941.74
135,328.90	Alfresco Gaming	135,328.90
(14,103.65)	Less: Provision for Depreciation	(19,576.83)
121,225.25		115,752.07

**NOTES TO THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 30TH JUNE, 2012:**

2010/11			2011/12
\$			\$
1,634.55	Keno – Plant and Equipment	1,634.55	
(611.87)	Less: Provision for Depreciation	(857.08)	
1,022.68			777.47
159,225.49	TAB/Sky – Plant and Equipment	159,225.49	
(63,682.53)	Less: Provision for Depreciation	(87,045.44)	
95,542.96			72,180.05
297,709.47	Car Park Extension – At Cost	297,709.47	
0.00	Less: Provision for Depreciation	0.00	
297,709.47			297,709.47
1,403,841.41	95/97 Main Street, Merimbula	1,403,841.41	
(133,451.05)	Less: Provision for Depreciation	(141,240.02)	
1,270,390.36			1,262,601.39
9,158,349.03	Club House – at Cost	9,158,349.03	
(6,479,712.10)	Less: Provision for Depreciation	(6,840,176.55)	
2,678,636.93			2,318,172.48
50,074.00	Land Lot 1442	50,074.00	
0.00	Less: Provision for Depreciation	0.00	
50,074.00			50,074.00
128,302.50	Poker Machine Licences Shortland	128,302.50	
128,302.50			128,302.50
5,498,879.52	Club Extension	5,626,652.94	
4,369.00	Retail Area	4,369.00	
0.00	Non Core Vacant Land Development	21,960.00	
(464,438.19)	Less: Provision for Depreciation	(698,627.28)	
5,038,810.33			4,954,354.66
1,063,955.24	Club – Plant and Equipment	1,191,139.26	
(693,559.39)	Less: Provision for Depreciation	(793,607.60)	
370,395.85			397,531.66
331,330.81	Bar – Plant and Equipment	336,465.81	
(110,706.05)	Less: Provision for Depreciation	(157,596.72)	
220,624.76			178,869.09
541,378.43	Club Furniture and Fittings	562,608.38	
(180,149.20)	Less: Provision for Depreciation	(252,553.48)	
361,229.23			310,054.90

**NOTES TO THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 30TH JUNE, 2012:**

2010/11		2011/12
\$		\$
184,776.61	Gymnasium	184,776.61
(20,516.72)	Less: Provision for Depreciation	(28,725.71)
164,259.89		156,050.9
1,927,717.56	Bowling Greens – at Cost	1,927,717.56
(1,488,194.14)	Less: Provision for Depreciation	(1,531,200.07)
439,523.42		396,517.49
607,960.44	Tura Beach CC – Club House	0.00
179,926.00	Tura Beach CC – Club Land	0.00
(191,691.45)	Less: Provision for Depreciation	0.00
596,194.99		0.00
914,894.21	Tura Beach CC – Greens – Plant and Equipment	0.00
(629,459.32)	Less: Provision for Depreciation	0.00
285,434.89		0.00
93,410.50	Tura Beach CC – Kitchen – Plant & Equipment	0.00
(78,340.52)	Less: Provision for Depreciation	0.00
15,069.98		0.00
710,674.72	Tura Beach CC – Poker Machines	0.00
(527,704.45)	Less: Provision for Depreciation	0.00
182,970.27		0.00
1,473,310.45	Tura Beach CC – Extensions	0.00
(510,817.78)	Less: Provision for Depreciation	0.00
962,492.67		0.00
166,954.22	Tura Beach CC – Club – Plant and Equipment	0.00
(99,273.00)	Less: Provision for Depreciation	0.00
67,681.22		0.00
143,634.71	Tura Beach CC – Furniture and Fittings	0.00
(142,120.31)	Less: Provision for Depreciation	0.00
1,514.40		0.00
12,560.00	Tura Beach CC – Bowling Greens – at Cost	0.00
26,284.00	Tura Beach CC – Tennis Courts	0.00
(11,687.50)	Less: Provision for Depreciation	0.00
27,156.50		0.00
87,805.18	Tura Beach CC – Course – at Cost	0.00
(28,426.40)	Less: Provision for Depreciation	0.00
59,378.78		0.00

**NOTES TO THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 30TH JUNE, 2012:**

2010/11		2011/12
\$		\$
44,247.61	Tura Beach CC – Computer Game	0.00
(24,313.09)	Less: Provision for Depreciation	0.00
19,934.52		0.00
14,998,056.01	Total Property, Plant and Equipment	12,199,975.07

NOTE 6a:

An independent revaluation of land and buildings was undertaken on 30 June 2012 by Registered Valuer. The revaluation was undertaken as part of a policy to revalue land and buildings every three years and was based on fair value as part of an ongoing concern basis. The valuation revealed a current market value of \$17,885,000.

NOTE 6b – TURA BEACH COUNTRY CLUB LOAN INTEREST FREE:

Pursuant to the terms of the Deed:

1. the amount of \$112,205.42 will be payable as and from the fourth anniversary of the de-amalgamation date, being 22 February 2016; and
2. 25% of this amount will be payable each year in monthly instalments until the balance is repaid.

NOTE 6c – MOVEMENT 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.

2011/12:	<i>Balance at the beginning of the of the Year</i>	<i>Additions</i>	<i>Disposals</i>	<i>Depreciation</i>	<i>Carrying Amount at the End of the Year</i>
<i>Economic entity:</i>					
Freehold land	1,552,400	–	179,926	–	1,372,474
Greens and Car Park	823,768	–	82,746	46,795	694,227
Buildings	9,329,684	127,773	1,326,548	668,338	7,462,571
Licenses	128,303	–	–	–	128,303
Plant and Equipment	3,163,901	777,792	573,438	847,815	2,520,440
Non Core Vacant Land	–	21,960	–	–	21,960
Total	14,998,056	927,525	2,162,658	1,562,948	12,199,975

2010/11:	<i>Balance at the beginning of the of the Year</i>	<i>Additions</i>	<i>Disposals</i>	<i>Depreciation</i>	<i>Carrying Amount at the End of the Year</i>
<i>Economic entity:</i>					
Freehold land	1,552,400	–	–	–	1,552,400
Greens and Car Park	877,170	–	3,568	49,834	823,768
Buildings	10,031,080	1,311	–	702,707	9,329,684
Licenses	128,303	–	–	–	128,303
Plant and Equipment	2,956,348	1,113,621	20,554	885,514	3,163,901
Total	15,545,301	1,114,932	24,122	1,638,055	14,998,056

NOTE 6d – DISPOSAL OF ASSETS:

Disposal of Assets in accordance with the Scheme of Arrangement as approved by members at the meeting of members convened by an order of the Supreme Court of NSW pursuant to Section 411 of the Corporations Act 2011 held 1 May 2011.

**NOTES TO THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 30TH JUNE, 2012:**

2010/11 \$		2011/12 \$
NOTE 7 - PAYABLES:		
781,010.53	Trade Creditors	599,934.43
196,893.47	Accrued Charges	226,784.29
977,904.00		826,718.72
NOTE 8 – PROVISIONS:		
214,619.43	Provisions for Long Service Leave	199,220.44
689,663.70	Provisions for Sick and Holiday Pay	602,263.49
904,283.13	(a) Aggregate Employee Entitlements Liability	801,483.93
116	(b) Number of Employees at Year End	105
Analysis of Total Provisions:		
470,739.29	Total Non-current Provisions	421,384.64
433,543.84	Total Current Provisions	380,099.29
904,283.13		801,483.93
Provision for Long Term Employee Benefits		
A provision has been recognised for the employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1e to these financial statements.		
NOTE 8(a):		
934,830.32	Opening Balance as at 1 July, 2011	904,283.13
480,060.53	Additional Provisions Raised	310,505.24
(510,607.72)	Amounts Used	(413,304.44)
904,283.13	Closing Balance as at 30th June, 2012	801,483.93
NOTE 9 – OTHER:		
97,625.33	Subscriptions in Advance	68,789.96
17,245.45	Income in Advance	31,124.27
3,844.94	Provisions for Poker Machine Jackpots	5,184.17
14,804.10	Provisions for Tura Beach CC Members Points	0.00
133,519.82		105,098.40
NOTE 10 – SERVICE AGREEMENT COMMITMENTS:		
Non Cancellable Service Agreements contracted for but not capitalised in the financial statements:		
	– not later than 12 months	\$7,620
		\$7,620
NOTE 11 – AUDITOR’S REMUNERATION:		
Amounts due and receivable for audit services total \$56,200.00 plus non audit services of \$136.00.		

**NOTES TO THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 30TH JUNE, 2012:**

NOTE 12 – MEMBERS’ GUARANTEE:

The Company is limited by guarantee. If the Company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$2.00 each towards meeting any outstanding obligations of the Company.

At 30th June 2012, the number of members were 7316. (30th June, 2011 – 7,662).

NOTE 13 – RELATED PARTY TRANSACTIONS:

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

(a) Directors

The names of persons who were Directors of the Company at any time during the year are as follows:

Robyn Barry BELL	Gerald George HAMMOND
Graham Phillip BROWN	Warren HARDING
Ronald James CHRISTIE	Brian John KENNEDY
Geoff COLLINS	Terence KILLEN
Kevin Russel COX	Ruth Lesley THOMPSON
Costa FELLA	Peter Batman WEIRE
Norman George HAMILTON	

(b) Directors’ Remuneration

The Directors did not receive any remuneration from the Company during the year other than Honorariums and reasonable costs which have been approved at the Annual Meeting.

(c) Transactions with Directors and Director related Entities

There were no transactions with Directors, other than those at normal commercial terms and conditions.

NOTE 14 – FINANCIAL RISK MANAGEMENT:

(a) Financial Risk Management

The entity’s financial instruments consist mainly of deposits with the bank accounts receivable and payables. The entity relies on this working capital as its source of funds. The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

2010/11			2011/12
\$	Financial Assets		\$
283,746.11	Cash at Bank	Note 3	267,617.61
3,659,324.79	Short Term Investments	Note 3	3,687,614.46
265,957.00	Cash on Hand	Note 3	225,595.00
156,636.95	Receivables	Note 3a	145,789.04
4,365,664.85			4,326,616.11
	Financial Liabilities		
977,904.00	Payables	Note 7	599,934.43
977,904.00			599,934.43
3,387,760.85	Net Financial Assets		3,726,681.68

**NOTES TO THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 30TH JUNE, 2012:**

(b) Financial Risk Management Policies

The Board of Directors overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance; informal risk management policies are discussed by the Board of Directors on a regular basis. These include consideration of performance, credit risk and future cash flow requirements. The Board of Directors manage risk by spreading the Club's short term investments to a variety of institutions, generally over a rolling period of six (6) months.

(c) Specific Financial Risks and Management

The main risks the entity is exposed to through its financial instruments are interest rates risk, liquidity risk and credit risk.

(d) Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earning volatility on floating instruments.

(e) Foreign Currency Risk

The entity is not exposed to fluctuations in foreign currencies.

(f) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Company. The Company does not have any material credit risk exposure as the major source of revenue is the cash receipts.

(g) Credit Risk Exposure

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position. Credit risk related to balances with banks and other financial institutions is managed by the Board of Directors in requiring that surplus funds are only invested with reputable financial institutions.

(h) Price Risk

The entity is not exposed to any material commodity price risk.

(i) Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Company manages this risk through the following mechanisms:

- Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Only investing surplus cash with reputable financial institutions; and

Comparing the maturity profile of financial liabilities with the realization profile of financial assets.

**NOTES TO THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 30TH JUNE, 2012:**

(j) Financial Instruments Maturity Analysis

The tables below reflect an undiscounted contractual maturity analysis for financial assets and liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

2012	<i>Less than One Year \$</i>	<i>One to Five Years \$</i>	<i>Total Contractual Cash Flows \$</i>
Financial Assets – Cash Flows realisable			
Cash at Bank	267,617.61	–	267,617.61
Short Term Deposits	3,687,614.46	–	3,687,614.46
Cash on Hand	225,595.00	–	225,595.00
Receivables	145,789.04	–	145,789.04
Total anticipated Inflows	4,326,616.11	–	4,326,616.11
Financial Liabilities Due For Payment			
Payables	599,934.43	–	599,934.43
Total expected Outflows	599,934.43	–	599,934.43
Net (Outflow)/Inflow on Financial Instruments	3,726,681.68		3,726,681.68

2011	<i>Less than One Year \$</i>	<i>One to Five Years \$</i>	<i>Total Contractual Cash Flows \$</i>
Financial Assets – Cash Flows realisable			
Cash at Bank	283,746.11	–	283,746.11
Short Term Deposits	3,659,324.79	–	3,659,324.79
Cash on Hand	265,957.00	–	265,957.00
Receivables	156,636.95	–	156,636.95
Total anticipated Inflows	4,365,664.85	–	4,365,664.85
Financial Liabilities Due For Payment			
Payables	977,904.00	–	977,904.00
Total expected Outflows	977,904.00	–	977,904.00
Net (Outflow)/Inflow on Financial Instruments	3,387,760.85		3,387,760.85

(k) Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the Financial Statement.

**NOTES TO THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 30TH JUNE, 2012:**

(I) Sensitivity Analysis – Interest rate risk

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk. As at 30 June, 2012, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

30/06/2011		30/06/2012
\$		\$
	Increase (Decrease) in interest rate by 2%	
+/-5,675	Variable account	+/- 5,162
+/-73,186	Fixed accounts	+/-73,752
<u>+/-78,861</u>		<u>+/-78,914</u>
	Increase (Decrease) in interest rate by 2%	
+/-78,861	Equity	+/-78,914
<u>+/-78,861</u>		<u>+/-78,914</u>

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged. No sensitivity analysis has been performed for foreign exchange risk, as the entity is not exposed to fluctuations in foreign exchange.

NOTE 15: NOTES TO STATEMENT OF CASH FLOWS:

(a) Reconciliation of Cash: For the purpose of this statement of cash flows, cash includes:

- (i) cash on hand and at-call deposits with banks or financial institutions, net of bank overdrafts; and
- ii) investments in money market instruments with less than 259 days to maturity .

Cash at the end of the year is shown in the balance sheet as:

2010/11		2011/12
\$		\$
265,957	Cash on Hand	225,595
283,746	At-call Deposits with Financial Institutions	267,618
3,659,325	Short term Investments	3,687,614
<u>4,209,028</u>	Net Assets per Financial Statement	<u>4,180,827</u>

**NOTES TO THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 30TH JUNE, 2012:**

(b) Reconciliation of Cash Flow from Operations with Profit (Loss) from Ordinary Activities:

2010/11 \$		2011/12 \$
197,891	Profit (Loss) from Ordinary Activities	(2,481,314)
	Non-cash Flows from Ordinary Activities:	
1,638,055	Depreciation	1,562,949
(11,898)	Changes to Provisions	(102,799)
(8,402)	Profit (Loss) on Sale Non-Current Assets	2,222,293
–	De-Amalgamation (2011 included in Operating)	288,412
	Changes in Assets and Liabilities	
(23,409)	(Increase) Decrease in Receivables	10,848
(41,142)	Decrease (Increase) in Prepayments	19,279
(15,491)	Increase in Inventories	18,932
	Decrease Other Assets	(27,548)
137,691	(Decrease) in Trade Creditors	(153,205)
2,117	(Decrease) Increase in Accrued Charges	29,891
(89,717)	(Decrease) Increase in Income in Advance	(14,957)
(7,200)	(Decrease) Increase – Other Liabilities	(12,880)
1,778,495	Cash Flows from Operations	1,359,901

NOTE 16 – KEY MANAGEMENT PERSONNEL:

The Company is run by the Board of Directors. All major business decisions are made by the Board. The day-to-day business of the Company is run by the employees of the Company. As all major business decisions are made by the Board no key management personnel disclosures are deemed appropriate.

NOTE 17 – CAPITAL MANAGEMENT:

Management controls the capital of the Company to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximised. Management ensures all the overall risk management strategy is in line with this objective. Management operates under policies approved by the Board of Directors. Informal risk management policies are discussed by the Board on a regular basis. These include credit risk and future cash flow requirements. The Company's capital consists of financial liabilities, supported by financial assets. Management effectively manages the Company's capital by assessing the Company's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels. There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year.

NOTE 18 – STATEMENT OF OPERATIONS BY SEGMENTS:

The Company operates in the Licensed Registered Clubs Sector within New South Wales.

**NOTES TO THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 30TH JUNE, 2012:**

NOTE 19 – COMPANY DETAILS:

The registered office of the Company is: Merimbula-Imlay Bowling Club Limited,
119 Main Street, Merimbula NSW 2548

The principal place of business is: Merimbula-Imlay Bowling Club Limited,
119 Main Street, Merimbula NSW 2548

Limited by Capital Guarantee unlisted.

CURRENT LIFE MEMBERS

L.A. Young – 1989, J. Lockyer – 1999, I. Stroud – 2003 and R. Caterson – 2012

CLUB PATRON

R. Caterson

CORE AND NON-CORE PROPERTIES

Pursuant to Section 41J (2) of the Registered Clubs Act for the financial year ended 2012:

- (m) The following properties are core property of the Club:
 - (i) The club house, bowling greens and car park currently forming part of Lot 912 Deposited Plan 855433 Parish of Pambula, County of Auckland, Shire of Bega, with the exception of the small car park situated to the east of the main car park and north of Lot 2 of Deposited Plan 543333.
- (n) The following are non-core properties:
 - (i) Lot 1442 in Deposited Plan 615595, The Fairway, Tura Beach NSW, Shire of Bega.
 - (ii) The residential property situated at 95 Main Street, Merimbula, being Lot 1 on Deposited Plan 521571 Parish of Pambula, County of Auckland, Shire of Bega.
 - (iii) The residential property situated at 97 Main Street, Merimbula, being Lot 2 on Deposited Plan 521571 Parish of Pambula, County of Auckland, Shire of Bega.
 - (iv) The vacant land situated between the Merimbula Creek and the Club's car park and extending behind a number of properties in Main Street, Merimbula, currently forming part of Lot 912 Deposited Plan 855433 Parish of Pambula, County of Auckland, Shire of Bega.
 - (v) The small car park situated to the east of the main car park and to the north of Lot 2 of Deposited Plan 543333.

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 are to some extent modified by regulations made under the Registered Clubs Act and by Section 41J itself.

DONATIONS FOR 2011/12

Organisations supported throughout the year included:

Alliance Franciase
Alzheimers Australia NSW
Anglican Parish of Merimbula/Pambula
Anglicare
Art in the Garage – Tulgeen Disability
Australian Deer Association
Australia's Biggest Morning Tea
Auswide OSHC
Bandara Children's Services
Bega Baptist Leisure Group
Bega Men's Shed
Bega Valley Community Drug Action
Bega Valley Meals on Wheels
Bega Valley Parkinsons Support Group
Bega Valley Shire Council - Daylight Ball
Bega Valley Shire Council reading program
Bega Valley Shire Youth Council
Bemboka Public School
Bermagui P&C Association
Bermagui Senior Citizens Welfare Club
Candelo Arts Society
Combined Emergency Services
Country Rugby League
Down South Jazz Club
Eden Amateur Fishing Club
Eden Child Care
Eden Community Access Centre
Eden Marine High School
Eden Preschool
Far South Coast Cricket Association
Far South Coast Dragon Boats
Far South Coast U13's Soccer Tassie Trip
Footprint Theatre
George Bass Surfboat Marathon
Greater Area Southern Health
Illawarra ITEC
Les Windiate Motor Neurone Fund
Leukaemia Foundation Shave
Life House Cancer Fundraising Event
Lions N2 District
Lumen Christi Catholic College
Marine Rescue NSW Merimbula Unit
Men of League Foundation
Men's Shed Merimbula
Merimbula Big Game and Lakes Angling Club
Merimbula Centenary Committee
Merimbula Chamber of Commerce
Merimbula Country Music
Merimbula Jazz Festival
Merimbula Knights Cricket Club
Merimbula Lakes Combined Probus
Merimbula Marlins Football Club
Merimbula Netball Association
Merimbula Rock n Roll Club
Merimbula Sailboarders
Merimbula Special Events Committee
Merimbula Square Dancers
Merimbula Tennis Club
Merimbula View Club
NSW RSL Zone 21 Bowls
Oestomate
Pambula Community Swimming Club
Pambula Hospital Auxilliary
Pambula Merimbula Lions Club
Pambula Public School
Pambula Surf Life Saving Club
Playability
Probus
Quaama Men's Shed
Quaama P&C Association
Relay for Life
Respite Care Bega Valley
Robin Hood Club
Rotary
Salvation Army
Sapphire Coast Bridge Club
Sapphire Coast Carers' Group
Sapphire Coast Concert Band
Sapphire Coast Netball Association
Sapphire Coast Tourism
Sapphire Mobile Children's Services
Sapphire Water Dragons
South Coast Skateboard Club
South East Women and Children
Southern Women's Group Inc
St Peters Catholic Parish Pambula
St. Vincent de Paul
Stroke Victims Support Group
Tathra Children's Services
Tathra Lifesaving Club
The Richmond Fellowship of NSW
Towamba Music Festival
Typhoon Softball Team
U3A
Wallaga Lake Bermagui Men's Shed
WIRES
Wolumla Memorial Hall
Writers of the Far South Coast
Youth off the Street
Zen Dragon Boats

