

Merimbula-Imlay Bowling Club Ltd
ABN 89 001 064 008



CLUB
Sapphire

MERIMBULA

2012-2013

ANNUAL REPORT AND
BALANCE SHEET

CHAIRMAN'S REPORT

It is my pleasure to present this report, my fourth as Chairman of MIBC Ltd.

The 2012/13 year was our first full year of trade after the de-amalgamation of the Tura Beach premises of MIBC. Our performance this year has been excellent with EBITDA of almost \$1.6m and net operating profit of more than \$240,000 before tax. These results are especially pleasing given the tough times our industry is facing.

This result is testament to our hard working people including our CEO, Damien Foley and his Operations Manager, Lerrel McDonald and their great team of employees whose efforts and loyalty have contributed significantly to this outcome. I thank and congratulate one and all.

A most pleasing aspect of this year was the Club being awarded the Clubs NSW Community Spirit Ambassador of the Year for the Southern Tablelands and South Coast region for 2013. This award was in recognition of the twenty year partnership between Club Sapphire and disability support group Workability. This partnership has matched many disabled job seekers to suitable employment opportunities at the Club. This is an achievement we can all be proud of.

During the year the Board undertook significant preparatory work toward the development of our under utilised land assets, including further progress on our draft Masterplan. The objective of this work is to ultimately reduce our reliance on gaming revenues. This project is promising to bear fruit in the future. The draft Masterplan is expected to be presented to members in the coming year.

The Club Industry is facing tough times ahead due to the ongoing decline in community interest for traditional club products, such as gaming. ClubsNSW predicts many clubs will close or amalgamate in coming years and the Bega Valley will not be exempt from this change. The Board is exploring all avenues to ensure the long term viability of our club, including working closer with our neighbouring clubs. To this end, following Merimbula RSL's recent public call for an amalgamation partner, MIBC has lodged an expression of interest with the RSL. Time will tell if this matter progresses or not. Members will be kept informed.

On the bowling front, our Mens' Grade 4 Pennant side won their Zone 7 final and the Womens' Grade 3 Pennant team also won their way through to their respective state final. Congratulations and well done to all involved.

In closing I would like to thank members for their support and acknowledge the effort of my fellow board members who have worked tirelessly as a team for the good of the Company throughout the year. My condolences to members who lost loved ones during the year.

G.G. Hammond

Chairman

18th September, 2013



TREASURER'S REPORT

It is with pleasure that I submit my annual report on the financial performance of your Club for 2012-2013.

A full audited report is contained within the Club's Annual Report.

Results from the past reporting period have been pleasing in terms of achieving set goals and budgets as well as implementing various cost effective initiatives throughout the Club's infrastructure. The major contributor in savings was the installation of solar panels to the Club house roof, which is reducing our electricity consumption by a minimum of 12%.



- This year MIBC achieved an operating net profit of \$242,640, before tax, which is a major turnaround from the previous year's loss which was attributed to the finalisation of de-amalgamation from TBCC.
- EBITDA (earnings before interest, tax, depreciation and amortisation) was \$1,570,411 compared to a loss of (\$918,365) last year.
- Cash reserves stand at \$4,833,673.

The Club has continued to be a major contributor to the local community with significant input into the local economy in the form of employment, local purchasing of goods and services and grants to community organisations and sporting groups.

In closing I would like to thank the management and staff for their dedication and diligence and also for their support throughout the year.

P.J. Moore

Treasurer

18th September, 2013

DIRECTORS' REPORT

1. Your Directors present their report on the Company for the financial year ended 30th June, 2013.
2. The names of the Directors in office at any time during or since the end of the year are:

| | |
|------------------------|-----------------------------|
| Geoff COLLINS | Retired 18th November, 2012 |
| Costa FELLA | Retired 18th November, 2012 |
| Warren HARDING | Retired 18th November, 2012 |
| Ian MARTIN | Elected 18th November, 2012 |
| Peter James MOORE | Elected 18th November, 2012 |
| Gary John TELFORD | Elected 18th November, 2012 |
| Ronald James CHRISTIE | |
| Gerald George HAMMOND | |
| Brian John KENNEDY | |
| Terence Anthony KILLEN | |

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 and promotion of a licensed club for members of the Company. There were no significant changes to the nature of the activities during the year.
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 game of bowls 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.
- Promote 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.
- Foster 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
- Total costs
- Net operating profit
- EBITDA
- Capital expenditure to EBITDA
- Current ratio
- Membership trends

DIRECTORS' REPORT (continued)

5. **Operating Results:** The net profit for the year amounted to \$242,640 before tax.
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 \$1,570,411, a significant improvement on the previous year. This improved result was achieved largely through improved performance in gaming revenue and reduced administration expenses as a result of the 2012 de-amalgamation.
8. **Significant Changes in State of Affairs:** No significant changes in state of affairs of the Company occurred during the year.
9. **Matters Subsequent to the end of the Financial Year:** On 6th September, 2013, the Club exchanged contracts for the sale of Land Lot 1442 Tura Beach for a sale price of \$426,250, including GST, which is due to settle on 5th November, 2013.
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:

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 for 18 years. Bowling Club Match Committee for 14 years and 5 years as Bowls Secretary.
- (iii) Elected to the Board in October 2007. Currently Deputy Chairman and Chair of Building and Land Development Committee and Bowls Membership Taskforce and member of Executive and Rules and Disciplinary Committee.

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.

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. Previously Director/Treasurer 2004 to 2009.

DIRECTORS' REPORT (continued)

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 MIMBC Social Committee for 2 years and 50th Anniversary Celebrations Committee. Represented 1st Eleven Melbourne Cricket Club for eleven years. Assistant coach for 2 years and player for 24 years.
- (iii) Elected to the Board in September 2006. Currently Chairman of the Board and Executive 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.
- (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 Western Australia.
- (iii) Elected to the Board in January 2012.

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 for 3 years.
- (iii) Elected to the Board in September 2006. Currently member of Finance Committee, and Building and Land Development Committee and Greens Director.

Terence Anthony 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 in January 2012. Currently Chairman of the Tournament Committee and Strategic Planning Committee, member of Rules and Disciplinary Committee and Tournament Director.

Ian MARTIN

- (i) Leased public aquatic centre in Sydney for 28 years. Liaised with council on future and present budgets and financial planning.
- (ii) Life member of Ku-ring-gai Swimming Club, former head swimming coach and management committee member for 20 years. Past President of Men's Bowling Club.
- (iii) Elected to the Board in November 2012. Current committee member of Finance Committee and Chair of Rules and Disciplinary Committee.

Peter James MOORE

- (i) Carpenter and joiner, licensed builder, Building Clerk of Works. Works Manager for Commonwealth War Graves Commission.
- (ii) Member of MIMBC Social Committee and Publicity Officer (2009/10). Secretary/Treasurer of MIMBC Management Committee (2011/12). Current Director of Rotary Club of Pambula.
- (iii) Elected to the Board in November 2012. Current Treasurer and Chair of Finance Committee, member of Building and Land Development and Strategic Planning Committees.

DIRECTORS' REPORT (continued)**Gary John TELFORD**

- (i) Retired. Group menswear buyer for Myer, Victoria and Tasmania stores. National buyer for Venture stores. Taxi owner-operator Melbourne.
- (ii) Merimbula Marine Rescue for 17 years, held most positions. Secretary/Treasurer Social golf club 15 years. Secretary Cricket Club for 3 years. Bowls Secretary for 2 years.
- (iii) Elected to the Board in November 2012. Currently Sections Liaison Director and member of Strategic Planning Committee and Bowls Membership Taskforce.

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> |
| Fella, C. | 6 | 6 | 10 |
| Christie, R.J. | 13 | 20 | 24 |
| Collins, G.F. | 6 | 6 | 8 |
| Hammond, G.G. | 20 | 20 | 20 |
| Harding, W. | 6 | 6 | 8 |
| Kennedy, B.J. | 19 | 20 | 33 |
| Killen, T. | 20 | 20 | 22 |
| Martin, I. | 14 | 14 | 10 |
| Moore, P.J. | 11 | 14 | 14 |
| Telford, G.J. | 12 | 14 | 10 |

- 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, 2013 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, 2013, the number of members was 7,467.

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

G.G. Hammond

Chairman

18th September, 2013

DIRECTORS' REPORT (continued)

DECLARATION OF DIRECTORS

The Directors of the Company declare that:

1. The financial statements and notes for the year ended 30th June, 2013, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30th June, 2013, and of the performance of the Company for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

G.G. Hammond

Chairman

18th September, 2013

BOARD OF DIRECTORS 2012/2013



Back (from left): Back row: Brian Kennedy, Terrence Killen, Ian Martin, Gary Telford, Damien Foley (CEO); *Front row:* Peter Moore (Treasurer), Gerry Hammond (Chairman), Ron Christie (Deputy Chairman)

CHIEF EXECUTIVE OFFICER'S REPORT

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

The Club's trading performance in 2012/13 produced an EBITDA of \$1.57million and an operating profit of more than \$242,000, before tax. This improvement on the previous year can be attributed to reduced costs relating to the de-amalgamation (\$288,000) and improved bar and gaming trade whilst increases in the net cost of catering and bowls partly offset this result.



As advised to members at the Mid-Year General Meeting, the Auditor has notified the Board that he is of the view the Club's previous status as a sporting club exempt from tax, is now not applicable. The Board has reviewed this matter and agree with the Auditor's analysis. Bowling (sporting) memberships now make up only 4% of total MIBC memberships and it is estimated approximately 40% of the Club's revenues are now provided by visitors or non-MIBC members. The impact of this change is a tax expense for the 2012/13 year of \$28,399.

During the year the Board reviewed and updated its Strategic Plan. This plan helps guide the management team on how and where to allocate the Club's operational resources. This updated plan does not change the overall direction of the club from the previous plan, however it does put further focus on the growing need to reduce reliance on traditional club revenue sources.

The majority of clubs in NSW rely on gaming for their main source of revenue. Community interest in gaming as a form of entertainment has been in decline for a number of years. Between 2003/04 and 2012/13, the combined gaming revenue of the four Registered Clubs in our immediate area has declined in real terms by almost 25% (CPI adjusted). This is a major challenge for the club industry and one that is dictating the need for the change highlighted above.

Consistent with this, toward the end of the year the Merimbula RSL published a notice calling for expressions of interest (EOI) for an amalgamation partner pursuant to the Registered Clubs Act.

In response to the RSL's notice, the Board of MIBC Ltd. has now lodged an EOI with the RSL and is looking forward to discussing areas of potential mutual benefit for our two Clubs. If this matter does progress, members will be asked their view on the concept via a vote on the proposal at a general meeting.

The Board's draft Masterplan for the overall long term development of the Club's land and facilities was delayed during the year primarily due to uncertainty relating to the public road through the Club's vacant land and to the supermarket development on private land adjacent to the Club. Additionally, proposed changes to existing zoning and development restrictions, including height limitations etc., were not clarified until the new Bega Valley Local Environmental Plan 2013 was gazetted on 2 August, 2013. The Board is hopeful of being able to finalise the first draft of the Masterplan in the coming year. This plan is one of the Board's main long term strategies for reducing the Club's reliance (to the extent that it can) on traditional revenues.

Through the year a number of initiatives were undertaken relating to the Club's non-core land including; listing Lot 1442 Tura Beach for sale, commissioning consultants to undertake preparatory work on a subdivision plan and fill works DA for land adjacent to the potential public road and lodging a DA for the demolition and removal of the buildings on 97 Main Street.

CHIEF EXECUTIVE OFFICER'S REPORT (continued)

Several minor Clubhouse renovation projects were also undertaken this year including; replacement of the main kitchen floor (under warranty), relocating the bistro ordering counter and installing new seating options, updating the front foyer reception counter and installing new electronic sign in facilities. These initiatives are consistent with the Board's current philosophy of undertaking smaller more frequent updating/renovation projects instead of large disruptive major works.

Thank you to the Board for your vision, support and encouragement of the management team. Thank you to the Club's wonderful team of staff for your continued dedication and loyalty throughout 2012/13. Club Sapphire is so fortunate to have such a professional and caring team of individuals who are committed to great customer service. Thank you one and all for your continued contribution.

Many thanks also to members for your ongoing support of the Club. Your patronage is absolutely essential for the success of the Club and is very much appreciated.

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 |
| 2005/06 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 |
| 2006/07 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 |
| 2007/08 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 |
| 2008/09 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 |
| 2009/10 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 |
| 2010/11 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 |
| 2011/12 EBITDA* | \$1,172,944 | (\$2,091,309) | (\$918,365) |
| 2012/13 Operating Profit | \$242,640 | – | \$242,640 |
| Depreciation | \$1,327,771 | – | \$1,327,771 |
| 2012/13 EBITDA* | \$1,570,411 | – | \$1,570,411 |

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

D.C. Foley

Chief Executive Officer

18th September, 2013

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERIMBULA-IMLAY BOWLING CLUB LIMITED

Report of the Financial Report:

We have audited the accompanying financial report of Merimbula-Imlay Bowling Club Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 about 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 Company'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. However, our statutory audit does not cover all details of dissection of financial data.

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*, which has been given to the directors of Merimbula-Imlay Bowling Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Electronic Presentation of Audited Financial Report:

This auditor's report relates to the financial report of 2013 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 30th June, 2013, and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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

Registered Company Auditor (1864)
101 Main Street Merimbula NSW 2548
18th September, 2013

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, 2013, 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
18th September, 2013

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30th June, 2013

| 2011/12 \$ (TBCC incl) | | 2012/13 \$ |
|------------------------------|---|----------------|
| 12,321,527 | Revenue from Ordinary Activities (Note 1e) | 10,894,002 |
| 401,714 | Other Income (Note 1e) | 358,160 |
| 2,117 | Gain on Sales (Note 1e) | 2,762 |
| (1,924,166) | Cost of Sales | (1,740,664) |
| (4,623,402) | Employee Expenses | (4,100,859) |
| (1,562,949) | Depreciation and Amortisation Expenses | (1,327,771) |
| (465,635) | Repairs and Maintenance | (420,735) |
| (153,982) | Advertising and Promotions | (112,174) |
| (246,719) | Insurances | (221,808) |
| (105,010) | Council Rates and Land Taxes | (83,140) |
| (362,404) | Electricity and Gas | (320,459) |
| (34,372) | Printing, Postage and Stationery | (14,814) |
| (1,053,878) | Poker Machine Tax | (1,068,422) |
| (608,655) | Sections – Bowls | (261,035) |
| (39,767) | Contract Cleaning | 0 |
| (1,512,911) | Other Operating Expenses | (1,340,403) |
| 31,508 | Operating Surplus before De-Amalgamation Expense and Disposal of Asset | 242,640 |
| (288,412) | De-Amalgamation Expense | 0 |
| (2,224,410) | Disposal of Asset (Note 6d) | 0 |
| (2,481,314) | Operating Surplus (Deficit) before Income Tax | 242,640 |
| | Income Tax Expense (Note 19) | (28,399) |
| | Deferred Tax Expense (Note 20) | 96,082 |
| | Income Tax attributable to Operating Surplus (Deficit) | 67,683 |
| (2,481,314) | Operating Surplus (Deficit) attributable to Members of the Company | 310,323 |

STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June, 2013

| 2011/12 \$ | | 2012/13 \$ |
|-------------------|--|-------------------|
| (2,481,314) | Operating Profit (Loss) | 310,323 |
| 17,588,937 | Retained Profits at the beginning of the Financial Year | 15,107,623 |
| 15,107,623 | Retained Profits at the end of the Financial Year | 15,417,946 |

STATEMENT OF FINANCIAL POSITION*As at 30th June, 2013*

| 2011/12 | | | 2012/13 |
|-------------------|--------------------------------------|-----------|-------------------|
| \$ | CURRENT ASSETS: | | \$ |
| 4,180,827 | Cash Assets | (Note 3) | 4,833,673 |
| 145,789 | Receivables | (Note 3a) | 124,237 |
| 138,975 | Inventories | (Note 4) | 125,562 |
| 70,853 | Other | (Note 5) | 76,612 |
| | Deferred Tax Asset | (Note 20) | 96,082 |
| 4,536,444 | Total Current Assets | | 5,256,166 |
| | NON-CURRENT ASSETS: | | |
| 112,205 | Loan Tura Beach Country Club Ltd | (Note 6b) | 112,205 |
| 12,199,975 | Property, Plant and Equipment | (Note 6) | 11,814,494 |
| 12,312,180 | Total Non-Current Assets | | 11,926,699 |
| 16,848,624 | Total Assets | | 17,182,865 |
| | CURRENT LIABILITIES: | | |
| 826,719 | Payables | (Note 7) | 749,129 |
| 380,099 | Provisions | (Note 8) | 721,763 |
| 105,098 | Other | (Note 9) | 186,238 |
| | Provision for Tax | (Note 19) | 28,399 |
| 1,311,916 | Total Current Liabilities | | 1,685,529 |
| | NON-CURRENT LIABILITIES: | | |
| 7,700 | Security Deposits | | 7,700 |
| 421,385 | Provisions | (Note 8) | 71,690 |
| 429,085 | Total Non Current Liabilities | | 79,390 |
| 1,741,001 | Total Liabilities | | 1,764,919 |
| 15,107,623 | Net Assets | | 15,417,946 |
| | MEMBERS' EQUITY: | | |
| 15,107,623 | Retained Profits | | 15,417,946 |
| 15,107,623 | Total Members' Equity | | 15,417,946 |

STATEMENT OF CASH FLOWS

For the year ended 30th June, 2013

| 2011/12 \$ | | 2012/13 \$ |
|--------------------|---|------------------|
| | CASH FLOW FROM OPERATING ACTIVITIES: | |
| 12,244,860 | Receipts from Customers | 11,063,834 |
| (11,332,268) | Payments to Suppliers and Employees | (9,766,204) |
| 237,589 | Interest Received | 164,290 |
| 209,720 | Members' Subscriptions Received | 130,454 |
| 1,359,901 | Net Cash Provided by Operating Activities (Note 15b) | 1,592,374 |
| | CASH FLOW FROM INVESTING ACTIVITIES: | |
| 409 | Proceeds from Sale of Property, Plant and Equipment | 3,773 |
| (951,397) | Payment for Property, Plant and Equipment | (943,301) |
| (437,114) | De-Amalgamation | 0.00 |
| (1,388,102) | Net Cash used in Investing Activities | (939,528) |
| | CASH FLOW FROM FINANCING ACTIVITIES: | |
| – | Net cash provided by financing activities | – |
| (28,201) | Net increase in Cash Held | 652,846 |
| 4,209,028 | Cash at beginning of Financial Year | 4,180,827 |
| 4,180,827 | Cash at End of Financial Year (Note 15a) | 4,833,673 |

NOTES TO AND FORMING PART OF THE ACCOUNTS

For the year ended 30th June, 2013

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

The financial statements were authorised for issue on 18th September, 2013, by the directors of the company.

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 the 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 stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based 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.

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**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 or prior years.

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% |

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 amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, 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:** Since Merimbula-Imlay Bowling Club Limited de-amalgamation from Tura Beach Country Club in 2012, it has been determined that the main purpose of the club has changed to a dual activity for the promotion of sport and additional supplementary activities i.e.: social activity such as food, beverage, gaming and entertainment.

The Club is now a multi-purpose Club, and as such, is not eligible for sporting Club income tax exemption.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit and loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

- (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 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.

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

| 2012 | | 2013 |
|--------------------|----------------------------------|-------------------|
| \$ | OPERATING ACTIVITIES: | \$ |
| (TBCC incl) | | |
| 2,609,874 | Bar Sales | 2,166,279 |
| 6,206,020 | Poker Machine Revenue | 5,690,047 |
| 2,645,119 | Catering Sales | 2,568,545 |
| 167,311 | TAB/Keno Revenue | 156,836 |
| 269,421 | Bowls Income | 237,218 |
| 363,983 | Golf Income | 0.00 |
| 59,799 | Social Subscriptions Income | 75,077 |
| 12,321,527 | | 10,894,002 |
| | NON-OPERATING ACTIVITIES: | |
| 216,632 | Interest Revenue | 183,431 |
| 118,198 | Rent Received | 98,111 |
| 66,884 | Other Revenue | 76,618 |
| 401,714 | | 358,160 |
| 2,117 | Gain on Sale | 2,762 |
| 12,725,358 | | 11,254,924 |

(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.

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, 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.

(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 uncollectible 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.

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

(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, 2013:**

MIBC BAR TRADING

| 2011/12 \$ | | 2012/13 \$ |
|---------------------|-------------------------|---------------------|
| 2,029,532.42 | Bar Sales | 2,166,278.89 |
| 2,029,532.42 | Total Bar Sales | 2,166,278.89 |
| 94,238.66 | Opening Stock | 88,087.71 |
| 757,402.95 | Purchases | 773,548.81 |
| 851,641.61 | | 861,636.52 |
| 88,087.71 | Less Stock on Hand | 80,518.66 |
| 763,553.90 | Cost of Goods Sold | 781,117.86 |
| 1,265,978.52 | Gross Profit | 1,385,161.03 |
| | LESS EXPENSES: | |
| 46,890.67 | Depreciation | 40,014.89 |
| 3,369.61 | Freight | 10,240.78 |
| 25,533.31 | Insurance | 19,737.31 |
| 94,959.00 | Members' Discount | 97,051.48 |
| 30,305.26 | Payroll Tax | 31,470.83 |
| 28,350.43 | Repairs and Maintenance | 33,178.96 |
| 5,247.80 | Requisites | 5,286.91 |
| 11,339.20 | Staff Amenities | 11,715.99 |
| 17,715.09 | Staff Training | 11,903.52 |
| 61,312.18 | Superannuation | 59,229.47 |
| 6,407.90 | Uniforms | 6,530.09 |
| 642,781.17 | Wages | 650,024.89 |
| 10,446.00 | Waste Disposal | 11,244.80 |
| 984,657.62 | Total Expenses | 987,629.92 |
| 281,320.90 | Net Profit | 397,531.11 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2012:****MIBC CATERING TRADING**

| 2011/12 \$ | | 2012/13 \$ | |
|---------------------|---------------------------------------|---------------|---------------------|
| 2,645,119.22 | Catering Sales | 2,568,545.29 | |
| 2,645,119.22 | Total Sales | | 2,568,545.29 |
| 29,424.61 | Opening Stock | 45,742.71 | |
| 941,599.88 | Purchases | 929,924.97 | |
| 971,024.49 | | | |
| 45,742.71 | Less Stock on Hand | 975,667.68 | |
| 925,281.78 | Cost of Goods Sold | 28,090.81 | 947,576.87 |
| 1,719,837.44 | Gross Profit | | 1,620,968.42 |
| | LESS EXPENSES: | | |
| 11,741.80 | Cleaning | 9,675.40 | |
| 130,317.20 | Depreciation – Plant and Equipment | 124,870.07 | |
| 30,069.15 | Depreciation – Furniture and Fittings | 41,892.31 | |
| 1,826.00 | Freight | 821.08 | |
| 40,041.57 | Gas | 38,466.40 | |
| 52,269.83 | Insurance | 39,087.59 | |
| 9,489.33 | Laundry | 4,802.83 | |
| 25,290.41 | Materials not for Resale | 22,885.36 | |
| 97,678.77 | Members' Discount | 83,169.64 | |
| 63,637.86 | Payroll Tax | 63,180.52 | |
| 904.01 | Printing and Stationery | 1,186.65 | |
| 57,984.96 | Repairs and Maintenance | 61,954.04 | |
| 15,675.63 | Staff Training | 9,935.52 | |
| 112,160.62 | Superannuation | 110,939.26 | |
| 9,180.13 | Uniforms | 11,279.62 | |
| 1,298,493.20 | Wages | 1,292,559.14 | |
| 18,915.77 | Waste Disposal | 20,935.80 | |
| 1,975,676.24 | Total Expenses | | 1,937,641.23 |
| (255,838.80) | Net Loss | | (316,672.81) |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2013:**

MIBC GAMING MACHINE TRADING

| 2011/12 | | 2012/13 |
|----------------------------|-------------------------|----------------------------|
| \$ | | \$ |
| 5,532,701.88 | Revenue after Payouts | 5,690,047.07 |
| | LESS EXPENSES: | |
| 327,955.29 | Depreciation | 257,551.02 |
| 12,362.58 | Insurance | 11,701.67 |
| 2,590.18 | Jackpot Provision | (3,723.77) |
| 20,779.69 | Payroll Tax | 17,117.48 |
| 81,543.17 | Promotions | 63,019.97 |
| 137,881.91 | Repairs and Maintenance | 128,531.69 |
| 3,931.50 | Requisites | 6,650.11 |
| 3,640.60 | Staff Amenities | 3,655.51 |
| 4,475.98 | Staff Training | 3,503.50 |
| 39,780.81 | Superannuation | 37,645.95 |
| 1,043,458.50 | Supplementary Tax | 1,068,422.34 |
| 399,846.11 | Wages | 361,462.87 |
| <u>2,078,246.32</u> | Total Expenses | <u>1,955,538.34</u> |
| <u>3,454,455.56</u> | Net Profit | <u>3,734,508.73</u> |

MIBC KENO/TAB TRADING

| 2011/12 | | 2012/13 |
|---------------------------|---------------------------|---------------------------|
| \$ | | \$ |
| 146,853.83 | Revenue | 156,836.40 |
| | LESS EXPENSES: | |
| 23,608.12 | Depreciation | 23,494.88 |
| 2,561.05 | Insurance | 2,472.64 |
| 3,766.04 | Payroll Tax | 4,099.78 |
| 14,857.83 | Repairs and Maintenance | 15,549.83 |
| 4,373.13 | Requisites | 4,141.82 |
| 10,034.73 | Promotions | 8,498.08 |
| 27,704.13 | Sky Channel Subscriptions | 27,306.19 |
| 148.14 | Staff Training | 2,018.59 |
| 6,582.38 | Superannuation | 7,472.63 |
| 77,449.44 | Wages | 89,078.57 |
| <u>171,084.99</u> | Total Expenses | <u>184,133.01</u> |
| <u>(24,231.16)</u> | Net Loss | <u>(27,296.61)</u> |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2013:**

GYMNASIUM

| 2011/12 | | 2012/13 |
|------------------|-------------------------|------------------|
| \$ | | \$ |
| 84,001.20 | Gymnasium Fees | 84,001.20 |
| | LESS EXPENSES: | |
| 8,208.99 | Depreciation | 7,583.09 |
| 1,877.07 | Repairs and Maintenance | 2,236.14 |
| | | <hr/> |
| 10,086.06 | Total Expenses | 9,819.23 |
| | | <hr/> |
| 73,915.14 | Net Profit | 74,181.97 |
| | | <hr/> |

BOWLING SECTIONS

| 2011/12 | | 2012/13 |
|---------------------|------------------------------------|---------------------|
| \$ | | \$ |
| 140,127.42 | Competition/Green Fees/Other Bowls | 188,383.97 |
| 31,089.55 | Subscriptions | 25,889.29 |
| 2,727.57 | Bowls Shop Net Profit | 9,191.27 |
| | | <hr/> |
| 173,944.54 | Total Revenue | 223,464.53 |
| | LESS EXPENSES: | |
| 0.00 | Advertising and Promotions | 3,241.64 |
| 13,515.00 | Association Fees | 13,805.39 |
| 62,005.51 | Depreciation – Plant Greens | 56,780.19 |
| 42,326.44 | Greens and Surrounds Maintenance | 58,599.65 |
| 6,505.76 | Insurance | 6,988.41 |
| 5,856.58 | Motor Vehicles and Equipment | 5,922.86 |
| 7,304.47 | Payroll Tax | 10,849.97 |
| 109,838.36 | Sections and Other Bowls | 110,482.57 |
| 252.62 | Staff Training | 1,968.44 |
| 13,115.97 | Superannuation | 16,904.91 |
| 67,433.47 | Tournament Expenses | 70,092.81 |
| 6,663.71 | Uniforms and Staff Amenities | 4,907.63 |
| 154,345.80 | Wages | 202,007.19 |
| | | <hr/> |
| 489,163.69 | Total Expenses | 562,551.66 |
| | | <hr/> |
| (315,219.15) | Net Loss | (339,087.13) |
| | | <hr/> |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2013:****MIBC INCOME SUMMARY**

| 2011/12 | | 2012/13 |
|---------------------|--|---------------------|
| \$ | | \$ |
| 281,320.90 | Bar Net Profit | 397,531.11 |
| (255,838.80) | Catering Net Loss | (316,672.81) |
| 3,454,455.56 | Poker Machine Net Profit | 3,734,508.73 |
| (24,231.16) | Keno/TAB Net Loss | (27,296.61) |
| (315,219.15) | Bowling Net Loss | (339,087.13) |
| 216,632.08 | Interest Received | 183,430.95 |
| 14,310.48 | Rent Received | 14,110.00 |
| 73,915.14 | Gymnasium Net Profit | 74,181.97 |
| 59,799.46 | Subscriptions – Social Members & Gym | 75,077.14 |
| 59,355.41 | Other Income | 76,618.32 |
| 1,707.79 | Profit on Disposal of Asset | 2,762.47 |
| 3,566,207.71 | Total Gross Income | 3,875,164.14 |
| | LESS EXPENSES: | |
| 139,146.02 | Advertising | 108,931.84 |
| 39,400.00 | Audit Fees | 46,200.00 |
| 17,241.94 | Bank Fees | 13,521.97 |
| 8,644.07 | Car Park/Surrounds Repairs/Maintenance | 2,640.36 |
| 196,712.36 | Cleaning Contract/In House | 204,287.55 |
| 9,027.36 | Courtesy Bus Expenses | 8,433.20 |
| 602,442.51 | Depreciation – Building | 605,939.46 |
| 6,398.29 | Depreciation – Courtesy Bus | 6,162.53 |
| 72,404.28 | Depreciation – Furniture and Fittings | 66,670.32 |
| 98,575.63 | Depreciation – Plant Clubhouse | 96,812.63 |
| 9,086.34 | Directors' Expenses | 6,945.08 |
| 971.50 | Dishonoured Cheques | 0.00 |
| 80,655.22 | Donations | 82,874.52 |
| 255,300.67 | Electricity | 281,992.36 |
| 244,038.90 | Entertainment | 265,261.57 |
| 5,223.75 | Fringe Benefits | 3,369.34 |
| 35,200.00 | Honoraria | 36,000.00 |
| 117,667.41 | House Repairs and Maintenance | 146,577.31 |
| 22,178.56 | Office Equipment Repairs/Maintenance | 32,707.33 |
| 106,901.96 | Insurance | 141,820.27 |
| 18,023.46 | Land Tax | 17,162.21 |
| 1,850.55 | Legal Fees | 10,547.95 |
| 288,412.41 | De-Amalgamation Legal/Other Expenses | 0.00 |
| 11,814.13 | Licence Fees – Other | 13,583.16 |
| 109,180.35 | Members' Direct Expenses | 121,643.48 |
| 7,173.62 | Motor Vehicle Expenses | 10,587.09 |
| 1,424.21 | Occupational Health and Safety | 913.80 |
| 43,064.63 | Payroll Tax | 44,409.54 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2013:**

| 2011/12 | | 2012/13 |
|---------------------|---|-------------------|
| \$ | LESS EXPENSES: (continued) | \$ |
| 31,562.00 | Postage and Stationery | 13,627.61 |
| 54,315.46 | Professional Services | 42,087.11 |
| 0.00 | Public Relations | 5,383.17 |
| 55,437.71 | Rates – Council | 65,977.91 |
| 1,785.16 | Recruitment Costs | 260.09 |
| 0.00 | Research and Development | 2,075.16 |
| 12,940.52 | Residential | 14,301.37 |
| 3,169.06 | Security Services | 4,218.64 |
| (1,037.03) | Shortages | 3,007.75 |
| 175.46 | Sponsorship/Trophies | 426.80 |
| 18,857.91 | Staff and Directors' Training | 18,767.09 |
| 15,029.37 | Subscriptions | 18,097.79 |
| 79,523.72 | Superannuation | 81,145.71 |
| 31,685.06 | Telephone | 32,332.92 |
| 22,791.22 | Uniform and Staff Amenities | 31,735.72 |
| 179,667.43 | Wage – Reception | 205,822.08 |
| 195,073.16 | Wages – Creche, Bus, Miscellaneous | 151,775.93 |
| 553,003.27 | Wages – Management, Clerical, Entertainment, Advertising, Training | 565,486.18 |
| 3,802,139.61 | Total Expenses | 3,632,523.90 |
| (235,931.90) | Net Profit (Loss) MIBC | 242,640.24 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2013:****TBCC BAR TRADING**

| 2011/12 (8 mths) \$ | | 2012/13 \$ |
|--------------------------------------|--------------------------------|-----------------------------|
| 580,341.18 | Bar Sales | 0.00 |
| 34,242.69 | Opening Stock | 0.00 |
| 202,011.57 | Purchases | 0.00 |
| 236,254.26 | | 0.00 |
| 0.00 | Less: Bar Stock on Hand | 0.00 |
| 236,254.26 | Cost of Goods Sold | 0.00 |
| 344,086.92 | Gross Profit | 0.00 |
| | LESS EXPENSES: | |
| 629.90 | Depreciation | 0.00 |
| 1,281.80 | Freight | 0.00 |
| 2,826.98 | Insurance | 0.00 |
| 23,769.04 | Members' Discount/Points Earnt | 0.00 |
| 9,000.69 | Payroll Tax | 0.00 |
| 287.29 | Requisites | 0.00 |
| 7,657.78 | Repairs and Maintenance | 0.00 |
| 364.29 | Staff Training | 0.00 |
| 17,737.53 | Superannuation | 0.00 |
| 194.58 | Uniforms | 0.00 |
| 182,128.57 | Wages | 0.00 |
| 4,494.99 | Waste Disposal | 0.00 |
| 250,373.44 | Total Expenses | 0.00 |
| 93,713.48 | Net Profit | 0.00 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2013:****TBCC CATERING TRADING**

| 2011/12 (8 mths) \$ | | 2012/13 \$ |
|--------------------------------------|------------------------------------|-----------------------------|
| 0.00 | Catering Sales | 0.00 |
| 19,885.71 | Catering Contract and Outgoings | 0.00 |
| 19,885.71 | Total Sales | 0.00 |
| 0.00 | Opening Stock | 0.00 |
| 0.00 | Purchases | 0.00 |
| 0.00 | Cost of Goods | 0.00 |
| 19,885.71 | Gross Profit | 0.00 |
| | LESS EXPENSES: | |
| 8.95 | Cleaning | 0.00 |
| 2,885.49 | Depreciation – Plant and Equipment | 0.00 |
| 162.60 | Freight | 0.00 |
| 10,271.87 | Gas | 0.00 |
| 638.24 | Laundry | 0.00 0.00 |
| 10,091.73 | Repairs and Maintenance | 0.00 |
| 6,414.04 | Waste Disposal | |
| 30,472.92 | Total Expenses | 0.00 |
| (10,587.21) | Net Loss | 0.00 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2013:**

TBCC GAMING MACHINE TRADING

| 2011/12 (8 mths) \$ | | 2012/13 \$ |
|--------------------------------|-------------------------|-----------------------|
| 673,317.84 | Revenue After Payouts | 0.00 |
| | LESS EXPENSES: | |
| 42,571.25 | Depreciation | 0.00 |
| 836.76 | Insurance | 0.00 |
| 2,707.84 | Payroll Tax | 0.00 |
| 829.38 | Promotions | 0.00 |
| 27,616.66 | Repairs and Maintenance | 0.00 |
| 682.08 | Requisites | 0.00 |
| 5,149.53 | Superannuation | 0.00 |
| 10,419.88 | Supplementary Tax | 0.00 |
| 52,875.20 | Wages | 0.00 |
| 143,688.58 | Total Expenses | 0.00 |
| 529,629.26 | Net Profit | 0.00 |

TBCC TAB/KENO TRADING

| 2011/12 (8 mths) \$ | | 2012/13 \$ |
|--------------------------------|---------------------------|-----------------------|
| 20,457.43 | Revenue | 0.00 |
| | LESS EXPENSES: | |
| 8.39 | Payroll Tax | 0.00 |
| 1,074.00 | Promotions | 0.00 |
| 9,064.26 | Repairs and Maintenance | 0.00 |
| 875.75 | Requisites | 0.00 |
| 10,163.37 | Sky Channel Subscriptions | 0.00 |
| 175.92 | Wages | 0.00 |
| 21,361.69 | Total Expenses | 0.00 |
| (904.26) | Net Loss | 0.00 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2013:****TBCC COURSE AND GREENS TRADING**

| 2011/12 (8 mths) \$ | | 2012/13 \$ |
|--------------------------------|------------------------------------|-----------------------|
| 312,717.02 | Course/Greens Revenue | 0.00 |
| 147,666.15 | Members' Subscriptions | 0.00 |
| 460,383.17 | Total Revenue | 0.00 |
| | LESS EXPENSES: | |
| 2,578.20 | Amortisation – Golf Course | 0.00 |
| 24,705.89 | Association Fees | 0.00 |
| 37,651.15 | Depreciation – Plant and Equipment | 0.00 |
| 1,211.09 | Depreciation – Tennis Court | 0.00 |
| 89,066.28 | Golf Course Expenses | 0.00 |
| 26,280.64 | Golf Professional Expenses | 0.00 |
| 16,194.74 | Greens and Surrounds | 0.00 |
| 5,687.37 | Insurance | 0.00 |
| 42,002.12 | Motor Vehicle Equipment | 0.00 |
| 8,671.25 | Payroll Tax | 0.00 |
| 144,528.53 | Sections | 0.00 |
| 836.35 | Staff Training | 0.00 |
| 14,712.24 | Superannuation | 0.00 |
| 22,451.82 | Tournament Expenses | 0.00 |
| 3,281.58 | Uniforms | 0.00 |
| 174,907.34 | Wages – Course/Greens | 0.00 |
| 614,766.59 | Total Expenses | 0.00 |
| (154,383.42) | Net Loss | 0.00 |

TBCC INCOME SUMMARY

| 2011/12 (8 mths) \$ | | 2012/13 \$ |
|--------------------------------|--------------------------------|-----------------------|
| 93,713.48 | Bar Net Profit | 0.00 |
| (10,587.21) | Catering Net Loss | 0.00 |
| 529,629.26 | Poker Machine Net Profit | 0.00 |
| (904.26) | Keno/TAB Net Loss | 0.00 |
| (154,383.42) | Course/Greens Net Loss | 0.00 |
| 7,529.07 | Other Income | 0.00 |
| 409.09 | Profit on Disposal of Asset | 0.00 |
| 465,406.01 | Total Gross Income TBCC | 0.00 |
| | LESS EXPENSES: | |
| 14,835.84 | Advertising | 0.00 |
| 6,800.00 | Audit Fees | 0.00 |
| 18,345.27 | Car Park and Surrounds | 0.00 |
| 39,766.94 | Cleaning Contract | 0.00 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

**NOTE 2 – CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED 30TH JUNE, 2013:**

| 2011/12 (8 mths) \$ | LESS EXPENSES (continued): | 2012/13 \$ |
|--------------------------------|--|-----------------------|
| 5,355.13 | Courtesy Bus | 0.00 |
| 3,758.62 | Courtesy Bus Depreciation | 0.00 |
| 52,213.72 | Depreciation – Building | 0.00 |
| 1,105.69 | Depreciation – Furniture and Fittings | 0.00 |
| 9,467.94 | Depreciation – Plant and Equipment | 0.00 |
| 982.00 | Donations | 0.00 |
| 56,789.54 | Electricity | 0.00 |
| 54,061.58 | Entertainment | 0.00 |
| 8,800.00 | Honoraria | 0.00 |
| 30,406.73 | Repairs and Maintenance | 0.00 |
| 31,232.98 | Insurance | 0.00 |
| 1,306.75 | Legal Fees | 0.00 |
| 1,431.84 | Licence Fees | 0.00 |
| 5,630.16 | Long Service Leave | 0.00 |
| 2,224,410.00 | Loss on Disposal of Asset | 0.00 |
| 18,741.35 | Members' Direct Expenses | 0.00 |
| 2,417.20 | Payroll Tax | 0.00 |
| 1,905.95 | Postage and Stationery | 0.00 |
| 2,450.00 | Professional Services | 0.00 |
| 31,548.36 | Rates | 0.00 |
| 1,384.45 | Security Services | 0.00 |
| 635.00 | Shortages | 0.00 |
| 1,189.47 | Staff Training | 0.00 |
| 6,588.75 | Subscriptions | 0.00 |
| 4,780.57 | Superannuation | 0.00 |
| 13,426.61 | Telephone | 0.00 |
| 10,750.95 | Uniform and Staff Amenities | 0.00 |
| 36,592.13 | Wages – Management and Clerical | 0.00 |
| 11,676.73 | Wages – Courtesy Bus and Miscellaneous | 0.00 |
| <hr/> | | |
| 2,710,788.25 | Total Expenses TBCC | 0.00 |
| <hr/> | | |
| (2,245,382.24) | Net Loss TBCC | 0.00 |
| | | <hr/> |

**NOTES TO THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 30TH JUNE, 2013:**

NOTE 3 – CASH:

| | | |
|---------------------|---------------------------------------|---------------------|
| 30,595.00 | Cash on Hand | 27,885.00 |
| 195,000.00 | Change – Cash Float | 195,000.00 |
| 238,383.57 | Westpac Banking Corporation – Secured | 194,532.99 |
| 9,352.85 | Westpac Banking Corporation – Keno | 8,525.64 |
| 10,343.61 | Westpac Banking Corporation – TAB | 13,213.29 |
| 9,537.58 | Sections Bank Accounts | 10,169.42 |
| 3,687,614.46 | Short Term Investments | 4,384,346.50 |
| <hr/> | | |
| 4,180,827.07 | | 4,833,672.84 |
| | | <hr/> |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

| 2011/12 \$ | | 2012/13 \$ |
|---|---|-------------------|
| NOTE 3a – RECEIVABLES: | | |
| 53,060.68 | Trade Debtors | 39,244.84 |
| 92,728.36 | Debtors – Other | 84,992.29 |
| 145,789.04 | | 124,237.13 |
| NOTE 4 – INVENTORIES: | | |
| 88,087.71 | Stock on Hand at Cost – Bar | 80,518.66 |
| 45,742.71 | – Catering | 28,090.81 |
| 5,143.97 | – Bowls Shop | 16,952.82 |
| 138,974.39 | | 125,562.29 |
| NOTE 5 – OTHER: | | |
| 70,853.10 | Prepayments | 76,612.42 |
| 70,853.10 | | 76,612.42 |
| NOTE 6 – PROPERTY, PLANT AND EQUIPMENT – FIXED ASSETS: | | |
| 208,894.61 | Greens – Plant and Equipment | 236,540.97 |
| (138,211.60) | Less: Provision for Depreciation | (129,939.59) |
| 70,683.01 | | 106,601.38 |
| 37,410.28 | Kitchen – Plant and Equipment | 37,410.28 |
| 242,992.37 | Rockpool Café – Plant and Equipment | 238,052.37 |
| (147,746.90) | Less: Provision for Depreciation | (176,168.12) |
| 132,655.75 | | 99,294.53 |
| 3,790.91 | Kitchen – Furniture and Fittings | 3,790.91 |
| 90,580.56 | Rockpool Café – Furniture and Fittings | 90,580.56 |
| (62,983.70) | Less: Provision for Depreciation | (78,661.44) |
| 31,387.77 | | 15,710.03 |
| 598,894.82 | New Bistro – Plant and Equipment | 625,301.55 |
| (261,873.89) | Less: Provision for Depreciation | (353,440.86) |
| 337,020.93 | | 271,860.69 |
| 89,039.03 | New Bistro – Furniture and Fittings | 91,839.03 |
| (49,933.16) | Less: Provision for Depreciation | (68,233.97) |
| 39,105.87 | | 23,605.06 |
| 0.00 | Bistro Enhancement | 138,430.14 |
| 0.00 | Less: Provision for Depreciation | (7,913.76) |
| 0.00 | | 130,516.38 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

| 2011/12 | | 2012/13 |
|---|--|---|
| \$ | | \$ |
| 2,740,665.02 (1,831,433.15) | Poker Machines Less: Provision for Depreciation | 2,815,956.53 (1,865,211.20) |
| 909,231.87 | | 950,745.33 |
| 177,365.44 (136,423.70) | Computa Game Less: Provision for Depreciation | 177,365.44 (154,119.15) |
| 40,941.74 | | 23,246.29 |
| 135,328.90 (19,576.83) | Alfresco Gaming Less: Provision for Depreciation | 135,328.90 (25,048.31) |
| 115,752.07 | | 110,280.59 |
| 1,634.55 (857.08) | Keno – Plant and Equipment Less: Provision for Depreciation | 1,634.55 (1,183.88) |
| 777.47 | | 450.67 |
| 159,225.49 (87,045.44) | TAB/Sky – Plant and Equipment Less: Provision for Depreciation | 158,780.04 (109,768.07) |
| 72,180.05 | | 49,011.97 |
| 297,709.47 0.00 | Car Park Extension – At cost Less: Provision for Depreciation | 297,709.47 0.00 |
| 297,709.47 | | 297,709.47 |
| 1,403,841.41 (141,240.02) | 95/97 Main Street, Merimbula Less: Provision for Depreciation | 1,403,841.41 (149,026.68) |
| 1,262,601.39 | | 1,254,814.73 |
| 9,158,349.03 (6,840,176.55) | Club House – at Cost Less: Provision for Depreciation | 9,158,349.03 (7,200,533.19) |
| 2,318,172.48 | | 1,957,815.84 |
| 50,074.00 0.00 | Land Lot 1442 Tura Beach Less: Provision for Depreciation | 54,225.35 0.00 |
| 50,074.00 | | 54,225.35 |
| 128,302.50 | Poker Machine Licences Shortland | 128,302.50 |
| 128,302.50 | | 128,302.50 |
| 5,626,652.94 4,369.00 21,960.00 (698,627.28) | Club Extension Retail Area Non Core Vacant Land Development Less: Provision for Depreciation | 5,626,652.94 4,369.00 21,960.00 (936,423.44) |
| 4,954,354.66 | | 4,716,558.50 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

| 2011/12 \$ | | 2012/13 \$ |
|--------------------------------|--|--------------------------------|
| 1,191,139.26 (793,607.60) | Club – Plant and Equipment Less: Provision for Depreciation | 1,526,036.13 (804,995.65) |
| 397,531.66 | | 721,040.48 |
| 336,465.81 (157,596.72) | Bar – Plant and Equipment Less: Provision for Depreciation | 336,465.81 (197,611.61) |
| 178,869.09 | | 138,854.20 |
| 562,608.38 (252,553.48) | Club Furniture and Fittings Less: Provision for Depreciation | 563,451.62 (317,412.04) |
| 310,054.90 | | 246,039.58 |
| 184,776.61 (28,725.71) | Gymnasium Less: Provision for Depreciation | 184,776.61 (36,308.80) |
| 156,050.90 | | 148,467.81 |
| 1,927,717.56 (1,531,200.07) | Bowling Greens – at Cost Less: Provision for Depreciation | 1,927,717.56 (1,575,642.27) |
| 396,517.49 | | 352,075.29 |
| 0.00 0.00 | Master Plan Additions Less: Provision for Depreciation | 17,267.50 0.00 |
| 0.00 | | 17,267.50 |
| 12,199,975.07 | Total Property, Plant and Equipment | 11,814,494.17 |

NOTE 6a:

An independent revaluation of land and buildings was undertaken on 30th 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:

The debt to MIBC of \$112,205.42 will be payable to MIBC by TBCC over seven years from the De-amalgamation Date provided that:

1. No payment will have to be made within the first three years from the De-amalgamation Date; and
2. The minimum payment for each year after the third anniversary of the De-amalgamation Date until the seventh anniversary of the De-amalgamation Date will be 25% of the total due to MIBC payable by monthly instalments.

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**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.

| 2012/13: | <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 | 1,372,474 | 4,151 | – | – | 1,376,625 |
| Greens and Car Park | 694,227 | – | – | 44,442 | 649,785 |
| Buildings | 7,462,571 | 155,698 | – | 626,908 | 6,991,361 |
| Licenses | 128,303 | – | – | – | 128,303 |
| Plant and Equipment | 2,520,440 | 791,984 | 329,484 | 336,479 | 2,646,461 |
| Non Core Vacant Land | 21,960 | – | – | – | 21,960 |
| Total | 12,199,975 | 951,833 | 329,484 | 1,007,829 | 11,814,495 |

| 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 |

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 1st May, 2011.

NOTE 7 - PAYABLES:

| | | |
|-------------------|-----------------|-------------------|
| 599,934.43 | Trade Creditors | 550,874.58 |
| 226,784.29 | Accrued Charges | 198,254.41 |
| 826,718.72 | | 749,128.99 |

NOTE 8 - PROVISIONS:

| | | |
|-------------------|--|-------------------|
| 904,283.13 | Opening Balance at 1 July, 2012 | 801,483.93 |
| 310,505.24 | Additional Provisions raised during year | 387,604.87 |
| (413,304.44) | Amounts Used | (395,634.43) |
| 801,483.93 | Balance at 30th June, 2013 | 793,454.37 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

2011/12
\$

2012/13
\$

Analysis of Employee Provisions:

| | | | |
|-------------------|--|-------------------|-------------------|
| | Current: | | |
| 602,263.49 | – Annual & Sick Leave Entitlements | 598,844.99 | |
| 128,773.74 | – Long Service Leave Entitlements | 122,918.52 | |
| 731,037.23 | Long Service Leave Entitlements | 721,763.51 | |
| | Non-current: | | |
| 70,446.70 | – Long Service Leave Entitlements | 71,690.86 | |
| 801,483.93 | | | 793,454.37 |

Employee Provisions:

Employee provisions represent amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

NOTE 9 – OTHER:

| | | | |
|-------------------|---------------------------------------|-----------|-------------------|
| 68,789.96 | Subscriptions in Advance | 98,277.26 | |
| 31,124.27 | Income in Advance | 86,499.97 | |
| 5,184.17 | Provisions for Poker Machine Jackpots | 1,460.40 | |
| 105,098.40 | | | 186,237.63 |

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 \$46,200 plus non audit services of \$136.00.

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 2013, the number of members were 7,546 (30th June, 2012 – 7,316).

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**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:

| | |
|----------------|------------------------|
| Geoff COLLINS | Gary John TELFORD |
| Costa FELLA | Ronald James CHRISTIE |
| Warren HARDING | Gerald George HAMMOND |
| Ian MARTIN | Brian John KENNEDY |
| Peter MOORE | Terence Anthony KILLEN |

(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:

| 2011/12 | | | 2012/13 |
|---------------------|------------------------|---------|---------------------|
| \$ | Financial Assets | | \$ |
| 267,617.61 | Cash at Bank | Note 3 | 226,441.34 |
| 3,687,614.46 | Short Term Investments | Note 3 | 4,384,346.50 |
| 225,595.00 | Cash on Hand | Note 3 | 222,885.00 |
| 145,789.04 | Receivables | Note 3a | 124,237.13 |
| 4,326,616.11 | | | 4,957,909.97 |
| | Financial Liabilities | | |
| 599,934.43 | Trade Creditors | Note 7 | 550,874.58 |
| 599,934.43 | | | 550,874.58 |
| 3,726,681.68 | Net Financial Assets | | 4,407,035.39 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**(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 realisation profile of financial assets.

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**(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.

| 2013 | <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 | 226,441.34 | – | 226,441.34 |
| Short Term Deposits | 4,384,346.50 | – | 4,384,346.50 |
| Cash on Hand | 222,885.00 | – | 222,885.00 |
| Receivables | 124,237.13 | – | 124,237.13 |
| Total anticipated Inflows | 4,957,909.97 | – | 4,957,909.97 |
| Financial Liabilities Due For Payment | | | |
| Trade Creditors | 550,874.58 | – | 550,874.58 |
| Total expected Outflows | 550,874.58 | – | 550,874.58 |
| Net (Outflow)/Inflow on Financial Instruments | 4,407,035.39 | | 4,407,035.39 |

| 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 | | | |
| Trade Creditors | 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 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**(k) 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 30th June, 2013, 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:

| 30/06/2012 | | 30/06/2013 |
|-------------------|---|-------------------|
| \$ | | \$ |
| | Increase (Decrease) in interest rate by 2% | |
| +/-5,162 | Variable account | +/-4529 |
| +/-73,752 | Fixed accounts | +/-87,687 |
| +/-78,914 | | +/-92,216 |
| | Increase (Decrease) in interest rate by 2% | |
| +/-78,914 | Equity | +/-92,216 |
| +/-78,914 | | +/-92,216 |

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:

| 2011/12 | | 2012/13 |
|------------------|--|------------------|
| \$ | | \$ |
| 225,595 | Cash on Hand | 222,885 |
| 267,618 | At-call Deposits with Financial Institutions | 226,441 |
| 3,687,614 | Short term Investments | 4,384,347 |
| 4,180,827 | Net Assets per Financial Statement | 4,833,673 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**(b) Reconciliation of Cash Flow from Operations with Profit (Loss) from Ordinary Activities:**

| 2011/12 \$ | | 2012/13 \$ |
|------------------|---|------------------|
| (2,481,314) | Profit (Loss) from Ordinary Activities after Income Tax | 310,323 |
| | Non-cash Flows from Ordinary Activities: | |
| 1,562,949 | Depreciation | 1,327,771 |
| (102,799) | Changes to Provisions | (8,030) |
| 2,222,293 | Profit (Loss) on Sale Non-Current Assets | (2,762) |
| | Non-operating Activity: | |
| 288,412 | De-Amalgamation (2011 included in Operating Activity) | 0.00 |
| | Changes in Assets and Liabilities: | |
| 10,848 | (Increase) Decrease in Receivables | 21,552 |
| 19,279 | Decrease (Increase) in Prepayments | (5,759) |
| 18,932 | Increase in Inventories | 13,413 |
| (27,548) | Decrease (Increase) Other Assets | (96,082) |
| (153,205) | (Decrease) in Trade Creditors | (49,060) |
| 29,891 | (Decrease) Increase in Accrued Charges | (28,530) |
| (14,957) | (Decrease) Increase in Income in Advance | 84,863 |
| (12,880) | (Decrease) Increase – Other Liabilities | 24,675 |
| 1,359,901 | Cash Flows from Operations | 1,592,374 |

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 AND FORMING PART OF THE ACCOUNTS (continued)**NOTE 19 – INCOME TAX EXPENSE**

| 2012 | | 2013 |
|-------------|---|----------------|
| \$ | | \$ |
| 0.00 | Operating Profit Before Tax | 242,640 |
| 0.00 | Less: Members Subscriptions | (100,966) |
| 0.00 | Direct Members Income | (199,270) |
| 0.00 | Non apportionable | (323,807) |
| 0.00 | Add: Non allowable, non apportionable and part apportionable expenses | 1,004,727 |
| 0.00 | | 623,324 |
| 0.00 | Portion Attributable to non-members | 249,330 |
| 0.00 | Add: Non apportionable items | 316,961 |
| 0.00 | Less: Non and part apportionable items | (471,629) |
| 0.00 | Taxable Income | 94,662 |
| | Tax on taxable income x (30%) | 28,399 |

NOTE 20 – DEFERRED TAX ASSETS AND LIABILITIES FOR EACH TYPE OF TEMPORARY DIFFERENCE:**Deferred Tax Assets**

| | | |
|-------------|---|----------------|
| 0.00 | Provision for Annual Leave and Sick Pay | 598,845 |
| 0.00 | Provisions for Long Service Leave | 194,609 |
| 0.00 | Audit Provision | 46,200 |
| 0.00 | Superannuation | 27,951 |
| 0.00 | | 867,605 |
| 0.00 | Adjustment for member component | 520,563 |
| 0.00 | | 347,042 |
| | Deferred Tax Liabilities | |
| 0.00 | Debtor – Other | 59,138 |
| 0.00 | Property, Plant and Equipment | 7,787 |
| 0.00 | | 66,925 |
| 0.00 | Adjustment for member component | 40,155 |
| 0.00 | | 26,770 |

NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**Deferred tax amounts recognised in income tax expense:****Deferred Tax Assets**

| | | |
|-------------|---|---------------|
| 0.00 | Provision for Annual Leave and Sick Pay | 179,653 |
| 0.00 | Provisions for Long Service Leave | 58,383 |
| 0.00 | Audit Provision | 13,860 |
| 0.00 | Superannuation | 8,385 |
| | | <hr/> |
| 0.00 | | 260,281 |
| 0.00 | Adjustment for member component | 156,169 |
| | | <hr/> |
| 0.00 | | 104,112 |
| | | <hr/> |
| | Deferred Tax Liabilities | |
| 0.00 | Debtor – Other | 17,741 |
| 0.00 | Property, Plant and Equipment | 2,336 |
| | | <hr/> |
| 0.00 | | 20,077 |
| 0.00 | Adjustment for member component | 12,047 |
| | | <hr/> |
| 0.00 | Net Deferred Tax Liabilities | 8,030 |
| | | <hr/> |
| 0.00 | Net Deferred Tax Expense | 96,082 |
| | | <hr/> |

NOTE 21 – 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 2013:

- (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 2012/13

Organisations supported throughout the year included:

Alliance Francaise
Alzheimer's Australia NSW
Appco Group Sports Inc
Art in the Garage Tulgeen Group
Auswide Projects – OHSC
Autism Australia
Bandara Children's Services
Bega District Volunteer Rescue
Bega High School
Bega Men's Shed
Bega Rifle Club Ltd
Bermagui P & C
Pambula Merimbula Lions Club
Pambula Pre-School
Bega Valley Community Transport
Bega Valley Meals on Wheels
Bega Valley Parkinson's Support Group
Bega Valley Community Drug Action
Bermagui and District Lions Club Ltd
Bermagui Senior Citizens Welfare Club
Black Dog Institute
Respite Care Bega Valley
Cancer Patients Foundation
Candelo Village Festival
Car Rally
Catholic Church Development
Cobargo Public School P & C
Council of Heritage Motor Clubs
Cystic Fibrosis
Down South Jazz Club
Easter Bush Council Historic Vehicles 2013
Eden Child Care Centre
Eden Pre School
Eden Local Aboriginal Land Council
Edge FM Community Radio
Footprint Theatre
George Bass Surf Boat Marathon
Girl Guides of Australia
Golden Gig
Heartkids NSW
Innquizative Pty Ltd
Legacy
Lumen Christi Catholic College
McGrath Foundation
Marine Rescue NSW Merimbula Unit
Men of League Foundation
Mental Health and Well-Being Working
Merimbula Basketball Assoc Inc
Merimbula Chamber of Commerce Inc
Merimbula Fishing Club
Merimbula Grasshoppers SFC Inc
Merimbula-Imlay Historical Society
Merimbula Jazz Festival
Merimbula Knights Cricket Club
Merimbula Lake Combined Probus Club
Merimbula Men's Shed
Merimbula Public School
Merimbula Tennis Club
Pambula Community Swimming Club
Pambula Hospital Auxiliary
Pambula Public School
Pambula Surf Lifesaving Club
Pambula Tennis Club
Playability Inc.
Probus
Quaama Volunteer Bushfire Brigade
Quaama Men's Shed
Robin Hoods
Rotary Club of Merimbula Inc
Sapphire Water Dragons
Sapphire Coast Tourism
Sapphire Coast Turf Club
Sapphire Mobile Preschool Eden
Sapphire Rock n Roll Club
SERAS
Short & Sweet Play Festival
Skills Training Employment Program
South Coast Area School Lawn Bowls
South Eastern BEC
Southern Women's Group Inc.
St. Vincent de Paul
St Peters Catholic Parish, Pambula
Stroke Recovery Association NSW
Tathra Surf Lifesaving Club
Tathra Wharf to Waves
Teen World Flight
Towamba Acoustic Sessions
Twofold Aboriginal Corporation
Typhoons Softball
U3A
Wolumla Public School
Workability-Disability Trust
Wallaga Lake Bermagui Men's Shed
Writers of the Far South Coast
Wyndham Public School
Youth Off the Streets Ltd.
Zen Dragon Boats
Zone NGO3 View Club