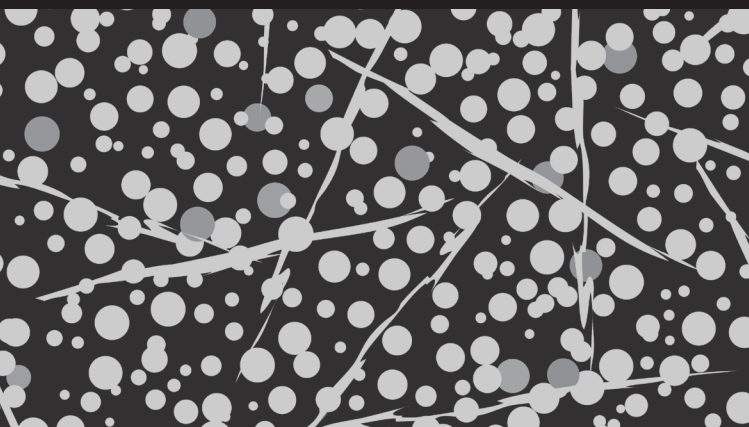




Annual Report and Financial Statements

As at 30th June 2018



BOARD MEMBERS



Alan Barnes



John Warburton



Warren Lees



Lorna Francis



Kerry Dumbrell



Helen Nicholls



Damien Kroek



Dean McCarthy
Secretary Manager

NELSON BAY BOWLING AND RECREATION CLUB LIMITED

ACN 071 145 287

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of **NELSON BAY BOWLING AND RECREATION CLUB LIMITED** will be held on **27th October 2018** commencing at the hour of **10am** at the premises of the Club, Stockton Street, Nelson Bay, New South Wales.

BUSINESS

The business of the Annual General Meeting shall be as follows:

1. Minutes silence for departed members.
2. Apologies.
3. To confirm the Minutes of the Annual General Meeting of the Club held in 2017.
4. To receive and consider the Report of the Board of Directors for the year ended 30 June 2018.
5. To receive and consider the Financial Report and Auditor's Report for the year ended 30 June 2018.
6. Declaration of ballot for election of the Board.
7. To consider and if thought fit pass the First Ordinary Resolution contained in this Notice.
8. To consider and if thought fit pass the Second Ordinary Resolution contained in this Notice.
9. General business.

Dated: 21/08/18

By direction of the Board

Dean McCarthy
Secretary Manager

Important Note regarding Questions for the Annual General Meeting

Members with questions on the Annual Report or accounts are asked to submit those questions in writing to the Secretary Manager seven (7) days before the meeting. Members are entitled to ask questions at the Annual General Meeting without giving this notice. However, if you do not submit questions in writing seven (7) days before the meeting, it may not be possible to provide you with an answer to your question at the meeting.

Notes on Resolutions and Voting at the Annual General Meeting

1. Below are two Ordinary Resolutions which will be considered at the Annual General Meeting.
2. Life members, financial Bowling members and financial Social members shall be eligible to attend and vote on the Ordinary Resolutions.
3. Each Ordinary Resolution will be passed if at least a majority (ie. 50% plus 1) of the votes cast on the resolution by members present at the meeting are cast in favour of the resolution.
4. Under the Registered Clubs Act:
 - (a) proxy voting is prohibited; and
 - (b) employees cannot vote.
5. Ordinary Resolutions to Members.

NOTICE OF ORDINARY RESOLUTIONS

FIRST ORDINARY RESOLUTION

[The First Ordinary Resolution is to be read in conjunction with the notes to members set out below.]

That pursuant to Section 10(6)(b) of the Registered Clubs Act the members hereby approve the payment of the following honorariums to the directors of the Club in respect of their services as directors of the Club from the date of the Annual General Meeting in 2018 (27th October 2018) until the Annual General Meeting of the Club in the year 2019:

- (a) Chairperson \$4,000;
- (b) Deputy Chairperson \$3,000;
- (c) Ordinary director \$2,500.

SECOND ORDINARY RESOLUTION

[The Second Ordinary Resolution is to be read in conjunction with the notes to members set out below.]

That pursuant to Section 10(6A) of the Registered Clubs Act the members hereby approve the following benefits to directors until the Annual General Meeting of the Club in the year 2019:

- (a) the reasonable costs of directors and their spouses attending the Annual General Meeting of Clubs NSW;
- (b) the reasonable costs of directors attending meetings of associations of which the Club is a member provided such attendance by directors is approved by a current resolution of the Board of the Club;
- (c) the reasonable costs of directors attending seminars, trade displays, organised study tours, fact finding tours and other similar events provided the same are beneficial to the Club or contribute to the professional development and education of directors and such attendance is approved by a current resolution of the Board of the Club;

- (d) the reasonable costs of directors attending other clubs for the purpose of observing their facilities and methods of operation provided such attendance is approved by a current resolution of the Board of the Club;
- (e) the reasonable costs of directors attending with their spouses at functions to represent the Club provided such attendance is approved by a current resolution of the Board;
- (f) the provision of a meal and refreshment at reasonable cost to the Club for each director either before or after a Board or Committee meeting when that meeting occurs at a normal meal time;
- (g) the provision at reasonable cost to the Club of a blazer and associated apparel for each director for use when representing the Club;
- (h) the provision of a meal and refreshment at reasonable cost to the Club for each Director whilst on duty during a normal mealtime;
- (i) the provision of an annual dinner at reasonable cost to the Club for each Director and their spouse to attend during the year in recognition of their services to the Club; and
- (j) the provision of marked car parking spaces in the Club's car park for the exclusive use of directors
- (k) payment of the premium for Directors' and Officers' insurance cover.

The members hereby acknowledge that the benefits in this resolution are not available to members generally but only to those who are directors of the Club or as indicated are spouses of directors.

Notes to Members on Ordinary Resolutions

1. The First Ordinary Resolution, if passed, will authorise the payment of an honorarium to each director of the Club, in the amount set out in the resolution, for their services to the Club. These amounts are unchanged from the previous year.
2. The Second Ordinary Resolution, if passed, will authorise the Club paying for various expenses for directors to attend meetings of Clubs NSW and associations of which the Club is a member, seminars and trade shows, attend at functions to represent the Club, the provision of a meal and a refreshment for each director when that meeting falls at a normal meal time and various other expenses as set out in the resolution.

NOTICE TO MEMBERS

CLUB PROPERTY

Pursuant to Section 41J(2) of the *Registered Clubs Act* for the financial year ended 30 June, 2018:

- (a) the following properties are core property of the Club:
 - (i) licensed premises at Stockton Street, Nelson Bay
 - (ii) bowling greens at Stockton Street, Nelson Bay
 - (iii) car park facilities at Stockton Street, Nelson Bay
- (b) the following properties are non-core property of the Club:
 - (i) Nil

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;
 - (c) any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer.
5. These disposal provisions and what constitutes a disposal for the purposes of section 41J are to some extent modified by regulations made under the Registered Clubs Act and by Section 41J itself. For example, the requirements in paragraph 4 above, amongst other things, do not apply to:
 - Core property that is being leased or licensed for a period not exceeding 10 years on terms that have been the subject of a valuation by a registered valuer; or
 - Core property that is leased or licensed to a telecommunications provider for the purposes of a telecommunication tower.
6. Non-core property is not subject to the limitations referred to in paragraph 4 and 5 above and can be disposed of without the Club having to following the procedure referred to in paragraph 4 above.

CHAIRMAN'S REPORT 2018

Members, it again gives me pleasure to provide you with my second Annual Report as your Chairman.

Our trading on the surface might appear less than some might expect and is explained by our Secretary Manager Dean McCarthy who has yet again done a great job. I can however indicate that I am personally satisfied with what we have been able to achieve in ensuring our infrastructure for the future is positive.

To our Management, Staff and the Board of Directors, I thank you for your contribution and dedication in your duty serving our members.

The Board and Management have completed a Strategic Plan for our next five years that outlines a continued pathway of improvements with good financial management. As indicated in one of my previous reports there had been some delays in the completion to the exterior of the club with regards painting along with some structural work but that is now completed. As you can all notice our brand as the Nelson Bay Marlins is clearly noticeable even to the extent of our resident mascot dog proudly wearing her supporter's jacket.

We have in the pipeline plans that are now at the point of the DA being finalised for the improvement of outdoor space for better BBQ facilities, children area, outdoor amenities block, beverage and kitchen outlet, disable access & undercover drop off point, this combined with water harvesting that over time will be a considerable financial saving along with doing our best to improve our environment.

I have indicated in the past and will again, thank our members and the community for the support in fund raising activities for charitable organisations like Beyond Blue, the Race for Ryley by Sporting Hope, Men of League, various Cancer groups along with a donation on your behalf in helping our Farmers combat the hard times of drought, this together with the sponsored groups listed at the back of this annual report. To give you some idea of what money goes into supporting groups mentioned we have this year have contributed in the order of \$90,000.

On the bowls front, congratulations to Men and Women's Bowls Committees under the guidance of our bowls coordinator Richard Girvan for another outstanding year. For those members that are not into bowls, there are a number of sub clubs that can provide activities for you to enjoy, just enquire at the main desk.

I have been a Board Member now for the last six years with two as Deputy Chairman and the last two as your Chairman. I am very proud of what has been achieved in that time, I have thought long and hard about if I would stand on the board for another term and have decided that I won't be.

To the families of our departed members, on behalf of the club, I offer you our deepest sympathy.

Alan J Barnes
Chairman

SECRETARY MANAGER'S REPORT 2018

Your Club achieved a small profit result for the financial year posting a net gain of \$34,494. This was a decrease in profitability of (\$292,255) in comparison to the previous year's profit. Although this was a significant downturn in profitability consideration needs to be given to expenditure that was reinvested into the Club. The main items of expenditure that were attributed to the Profit and Loss account for the previous year are as follows.

Building Painting	\$42,000
Car Park Repairs	\$10,500
Remedial Steel Works	\$18,000
Bowlo Bites Peripheral Items	\$15,500
Staff Training Expenses	\$14,000
Travel Holiday Promotion	\$20,000
Lighting Compliance Upgrade	\$5,000
Water Equipment Repairs	\$4,500
Other Items	\$9,000
Total	\$138,500

Items that were capitalised
(not attributed the Profit & Loss account)
were as follows

Air Conditioning Tails Restaurant	\$26,000
Air Conditioning Crow's Nest	\$14,000
Air Conditioning Reception	\$3,500
Large Screen TV Sports Bar	\$4,000
Lighting Green 3	\$29,500
Bowls Jack / Mat Lockers	\$3,000
Sports Bar Stools	\$7,000
Other Items	\$12,000
Total	\$99,000

As can be determined from the above expenditures totaling \$237,500 was reinvested back into the Business.

The Club achieved an EBITDAR of 19.45%. With the vast amounts of capital expenditure undertaken the cash position of the Club is down on last year. Although our cash holdings have been reduced the Club has met all financial commitments as and when they fell due. Concerning our principal borrowings for the previous renovations, the Club has paid off an extra \$430,000. Current loan payment strategies should reduce our renovation repayment schedule by 12 months

The Hospitality market within Nelson Bay has changed considerably over

the last 12 months with the New Golf Club coming online, and significant development undertaken at the Country Club and Seabreeze Hotels.

Our gaming turnover was reduced by (4.66%) but due to sound Management gaming nett increased by 1.6%. The Club has committed to a new gaming system from Gaming Company IGT which is projected to increase turnover levels by providing the best possible gaming experience in the Bay.

Your Club continued to ensure that we were providing the best possible benefit to our members through happy hour beer subsidies amounting to \$23,390, member's beverage discounts amounting to \$232,063 and catering discounts amounting to \$96,239.

A determination by your Board and Management was made for the Club to take over the operations of the ground floor catering operations from Cater Group the Clubs catering contractor. This determination was undertaken to increase service levels and product offerings for the benefit of members and guests in the downstairs areas. As with any new start-up venture initial costs are high concerning equipment, marketing, and system development. Bowlo Bites opened in late December and was very well received by members and guests. Unfortunately, this area returned a loss of (\$64,300) over the 2017 – 2018 financial year. Management has reduced costs significantly with a far better result budgeted for this fiscal year.

There were significant increases in expenses for the year increasing by \$67,319 on the previous year. This increase was predominantly due to the large amounts of capital expenditure on the Club House and Operations of the Club.

I want to take this opportunity to thank Greg and Kelly King and their catering staff for their continued efforts in providing top class catering options for our members and guests. They have asked that I pass on their appreciation for your patronage.

The Club has contributed \$90,000 through cash payments and in-kind initiatives to the local community through the Club Grants scheme. A list of the Community organisations that your club has supported is contained within this Annual report.

The next 12 months will be a period of consolidation with regular reviews of how to reduce our costs and grow the business. Investigation of water harvesting and solar power will be the two priorities in the coming year.

I want to take this opportunity to thank all members who volunteered in assisting the running of Bowls activity, your efforts are most appreciated. Under the direction of our Bowls Manager R.Girvan, our Bowls program again has been a considerable success for the year. We were successful in the Mens 2s Mid-week Pennant final, and our Mens 6s also won the District final and unfortunately were defeated in the State Semi finals. Our barefoot bowls continue to show growth and with green three now fully lit we will continue to build on this market segment. I want to thank our Green Keeping team of Rod Barker, Dave Walters, and apprentice Ryan Van Kamenade. Our greens and surrounds have been of the highest standard thanks to their efforts.

The Club is still moving towards finalising the Development applications for construction of the outside area around green three.

I want to thank the Senior Management Team of Richard Girvan, Nicole Blue, Karen Hartas, Doc Ketley and Michael Sercombe for their continued support. Our staff continues to offer a high standard of customer service, and as Secretary Manager I would like to once again formally acknowledge their efforts. We have a great team, and their dedication to the Club is most appreciated.

Your Board continues to steer the Club in a positive direction as can be seen by the improvements to our Club over the last 12 Months. I want to thank all Directors for their support and undertaking what at some times can be a thankless task.

I would also like to thank outgoing President Alan Barnes for his guidance and support in my role as Secretary Manager. Over the last two years, I believe that we both worked exceptionally well together and both respected each other's position which is crucial in driving a Club forward. I wish him all the best for the future.

To all our members and guests who have lost loved ones this year, please accept the Clubs condolences.

In closing, I would thank all members and guests who have used our facilities over the last year your support it is most appreciated.

Kind Regards

Dean McCarthy
Secretary Manager

MENS BOWL'S REPORT 2018

As the 2018 season begins winding down, it gives me pleasure to write this annual report on what has been another successful year both on and off the green for the Club and its members. We continue to promote ourselves as a premium venue for major events and although we were unsuccessful in our bid to World Bowls as host of the

World Champion of Champion Singles in 2020, we were successful in securing the hosting rights for the 2018 Grade 6 and 2019 Grade 7 Bowls NSW State Pennant Finals, this also gave us the opportunity for the NDBA Grade 6 Pennant finals and we continued our sponsorship of the NDBA District Pairs. These events along with our own Bluewater Men's Pairs, Bluewater Winter Mixed Carnival and Ladies Water Wonderland will have brought over 600 visiting competitors to our greens this year alone which is just fantastic for our club. To our boys out on the Greens, Rod, Dave and Ryan it has been an extremely busy programme this year which has made things tougher for you but thank you for your efforts particularly leading into our major events ensuring the surfaces have been the best they can be.

It was a tough year for the Marlins in the Pennant however we did not come away empty handed with our Grade 6 and Midweek Grade 2 sides coming home with flags. Congratulations to Terry Bolton, Bill Gainsford, Peter Bootland, Grahame Lewis, Denis McCann, Don Gowlland, Jim Baylis, Paul Roulstone, Des Allen, Bob Aldred, Andrew Stewart and Gary Harrison who defeated East Maitland in the Grade 6 final 78-49. This was the 6th time the Club has won Grade 6 and the first time any team has gone back to back in this grade since the competition started in 1955.



Congratulations also to Rod Barker, Gary Price, Brendan Myers, Mark Rodway, John Prisk, Russell Nobes, Bill Kachel, Ray Asquith, Ken Baker, Alan Barnes, Peter Mentis, Bob Lisle and Rob Spears who defeated East Maitland in the Midweek Grade 2 final 63-61. Thank you to Warrick Lilly, Colleen Asquith and Bruce Killen who managed the 1, 3 and 5 grades as well as our many reserves who helped out throughout the year when players weren't available.

This year's club championships have so far been keenly contested which is great to see and I look forward to seeing everyone at the Club's presentation night on Saturday 15th December where we can celebrate with all our 2018 champions. At the time of writing this report the following Championships had been completed:

Men's Singles: Blake Signal def Jake Graham 31-23.

Men's Pairs: Jake Graham, Richard Girvan def Alan Barnes, Chris Edmonds 21-20 (extra end).

Men's Fours: Ron Cumming, Mark Spratford, Peter Bootland, Mark Rodway def Paul Stephens, John Prisk, Bob Lisle, Richard Girvan 18-17 (extra end).

Minor Pairs: John Prisk, Gary Price def Leeroy Watson, Steve Wright 27-4.

The Learn to Bowl programme run on Saturday mornings again has been a great success with a large number of our new bowling members coming from this initiative. To our ladies that give up their time to help out, thank you.

A very big thank you as always to my Bowls Committee for their awesome contribution throughout the year as well as our Umpires and Volunteers who continually put their hands up to help out whenever needed, your continued support is much appreciated.

Finally to the Board, Management and Staff who support and promote Bowls in this great club, Thank you!

Richard Girvan

WOMENS BOWL'S REPORT 2018

Nelson Bay Women's Bowling Club has had a very busy schedule this last twelve months. There have been many changes directed by Women's Bowls New South Wales.

We have continued to increase our members which is mainly due to our Saturday morning Learn to Bowl program. Thanks go to Pat, Denise and other members who arrive to help.

Some of our ladies are having some success in District events. Well done Ladies.

Unfortunately we had bad weather for our Wonderland Carnival this year, being washed out two days out of three. We did triumph on the Thursday with Bowls, lunch and a

party affair to finish. The ladies all went home very happy with intentions of returning next year.

As my term of three years as President is ending, I would like to thank Dean McCarthy, Richard Girvan and the members of the Board for their continued support.

The staff are always ready to assist and where would we be without our dedicated Green keepers, who keep our greens in great condition for all of us to enjoy our game of Bowls. Thanks also go to all our Catering staff.

Lastly I have to thank the Ladies of our Executive committee and their helpers, who work hard to keep our club an enjoyable place to be.

My condolences go to members who have lost love ones during the year.

Diane Mawhinnew

DIRECTORS REPORT 2018

Your directors present this report on the Company for the financial year ended 30th June 2017.

DIRECTORS

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

NAME	POSITION	QUALIFICATION	YEARS IN OFFICE
Alan Barnes	Deputy Chairman	Retired	6 years
John Warburton	Deputy Chairman	Retired	7 years
Lorna Francis	Director	Retired	12 years
Kerry Dumbrell	Director	Engineer	6 years
Warren Lees	Director	Retired	4 years
Helen Nicolls	Director	Retired	4 years
Damian Kroek	Director	Wing Commander	2 years

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

MEETINGS OF DIRECTORS

	No. eligible to attend	No. attended
Lorna Francis	12	12
John Warburton	12	12
Kerry Dumbrell	12	12
Alan Barnes	12	12
Warren Lees	12	12
Helen Nicholls	12	12
Damian Kroek	12	9

DIRECTORS REPORT 2018

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year consisted of promotion of the game of bowls and conducting a licensed club. No significant change in the nature of these activities occurred during the year.

REVIEW OF OPERATIONS

The net profit for the year was \$34,494 (2017 \$327,052).

SHORT AND LONG TERM OBJECTIVES

The Company will continue to promote the game of lawn bowls and other such games, entertainment, pastimes and recreational activities, both indoor and outdoor, as the club sees fit. It also aims to provide modern and comfortable quality facilities and services for the benefit of its members and their guests.

In the long term it will continue to update the clubs facilities and amenities and explore other areas of business to generate revenue in accordance with the Board's Master Plan. The Board's Master Plan is reviewed every 12 months to ensure it remains viable and is updated to reflect changes in the local market and to ensure the ongoing profitability and future of the Company.

Strategies for Achieving these Objectives

- Continue to support Gaming growth by changing the layout of the floor, service standards, player comfort and player loyalty
- Continue to improve the clubs standing as a Bowling club, attract key events and provide the best possible bowling facilities.
- Increase the focus on repairs and maintenance to set the club up for the future.
- Continue to create more efficiency within the club operations - wages, expenses, stock control
- Use our marketing dollars wisely to drive revenue and club membership

MEMBERS GUARANTEE

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2 towards meeting any outstanding obligations of the company. At 30th June 2018, the total amount that members of the company are liable to contribute if the company is wound up is \$10,440 (2017 \$10,866).

MEASURES OF PERFORMANCE

The company's performance is measured on a monthly and annual basis against Board approved budgets and KPI's. It participates in benchmarking against other clubs via the clubdata online portal and these extensive reports which are published monthly and quarterly are an excellent tool for management to track performance and market trends.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30th June 2018 has been received and is set out on the following page.

Dated at Nelson Bay 7th August 2018.

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

A handwritten signature in black ink, appearing to read 'A Barnes', with a long horizontal stroke extending to the right.

A Barnes

Director

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF NELSON BAY BOWLING & RECREATION CLUB LIMITED

I declare that to the best of my knowledge and belief, during the year ended 30th June 2018 there have been no contraventions of:

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



STEPHEN TOLHURST CA
MORLEY & COMPANY

Dated 7th August 2018.

1/55 Donald Street
Nelson Bay NSW 2315

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2018

	Note	2018 \$	2017 \$
Revenue	2	5,820,095	5,720,752
Other Revenue	3	348,239	357,997
		<u>6,168,334</u>	<u>6,078,749</u>
Bar & Catering Purchases	4	993,672	914,641
Promotion & Entertaining		345,492	314,481
Rates & Electricity		173,164	147,570
Poker Machine Tax		560,232	550,389
Repairs & Maintenance		239,969	170,241
Insurances		124,205	130,716
Payroll Tax		69,595	63,510
Borrowing Costs & Interest	5	149,430	156,906
Depreciation & Amortisation	6	528,055	539,603
Wages & Labour on-costs	18	2,082,321	1,947,326
		<u>867,705</u>	<u>816,315</u>
Other Expenses		867,705	816,315
Total Expenses		6,133,840	5,751,698
Total comprehensive income for the year		<u>34,494</u>	<u>327,051</u>

STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and Cash Equivalents	6(a)	84,696	346,698
Inventories	7	43,132	40,178
Accounts Receivable & Other Debtors	8	46,286	98,376
TOTAL CURRENT ASSETS		174,114	485,252
NON CURRENT ASSETS			
Property, Plant & Equipment	9	9,356,059	9,553,100
Intangible Assets	11	211,451	211,451
TOTAL NON CURRENT ASSETS		9,567,510	9,764,551
TOTAL ASSETS		9,741,624	10,249,803
CURRENT LIABILITIES			
Account Payable & Other Payables	12	542,162	668,802
Employee Provisions	13	252,179	246,063
Interest Bearing Liabilities	14	754,371	792,985
TOTAL CURRENT LIABILITIES		1,548,712	1,707,850
NON CURRENT LIABILITIES			
Employee Provisions	13	33,182	28,738
Interest Bearing Liabilities	14	1,766,930	2,154,909
TOTAL NON CURRENT LIABILITIES		1,800,112	2,183,647
TOTAL LIABILITIES		3,348,824	3,891,497
NET ASSETS		6,392,800	6,358,306
EQUITY			
Reserves		246,253	246,523
Retained Surplus		6,146,547	6,111,783
Total Equity		6,392,800	6,358,306

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2018

	RETAINED SURPLUS \$	ASSET REVALUATION SURPLUS \$	TOTAL \$
Balance 30th June 2016	5,784,730	246,523	6,031,253
Surplus attributable to the members of the company	327,052	-	327,052
Balance 30th June 2017	6,111,782	246,523	6,358,306
Surplus attributable to the members of the company	34,494	-	34,494
Balance 30th June 2018	6,146,276	246,523	6,392,800

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2018

	Note	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Customers		6,008,058	5,940,062
Payments to suppliers and employees		(5,504,897)	(5,074,907)
Interest Paid		(116,840)	(131,227)
Interest Received		297	1,142
Commissions Received		167,016	164,931
Net cash generated from operating activities	15	553,634	900,001
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		11,885	-
Payment for property, plant & equipment		(400,928)	(1,684,967)
Net cash used in investing activities		(389,043)	(1,684,967)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds of borrowings		252,964	1,018,784
Payment of interest bearing liabilities		(679,557)	(331,424)
Net cash (used in) generated from financing activities		(426,593)	687,360
Net (decrease) increase in cash held		(262,002)	(97,606)
Cash at the beginning of the financial year		346,698	444,304
Cash at the end of the financial year	6 (a)	84,696	346,698

NOTES TO AND FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 2018

The financial statements cover Nelson Bay Bowling & Recreation Club Limited as an individual entity incorporated & domiciled in Australia. Nelson Bay Bowling & Recreation Club Limited is a company limited by guarantee.

Note: 1 Statement of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. 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 cashflow information, have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on August 2018 by the directors of the company.

Accounting Policies

(a) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of services is recognised upon the delivery of service to the customer.

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

(b) Income tax

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

(c) Inventories

Inventories are measured at cost .

(d) Property, Plant & Equipment

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

Freehold Property

Freehold land and buildings are shown at their fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. The last valuation was dated 23rd June 2015 and was prepared by Preston Rowe Paterson Valuers.

Increases in the carrying amount arising on revaluation of land & buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity.

Decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

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

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

In the event the carrying amount of plant and equipment is greater than it's estimated recoverable amount, the carrying amount is written down immediately to it's estimated recoverable amount and impairment losses are recognised, either in profit or loss, or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present. (refer to note 1f for details of impairment).

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated over their useful lives to the Company commencing from the time the asset is available for use.

The depreciation rates for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% Prime Cost
Furniture & Fittings	10% Prime Cost
Poker Machines (purchased pre June 2016)	20% Prime Cost
Poker Machines (purchased post June 2016)	14.2% Prime Cost
Plant & equipment	10%-25% Prime Cost
Motor Vehicles	22.5% Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount.

These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(e) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions to the instruments. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset.

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified at fair value through profit or loss in which case transaction costs are recognised as expenses in profit or loss immediately.

Derecognition

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

Classification and Subsequent Measurement

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

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

Such assets are subsequently measured at fair value with changes in carrying amounts being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

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

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either

not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

(v) Financial liabilities

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

(f) Impairment of Assets

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

Where the assets are not held primarily for their ability to generate net cash inflows - that is, they are specialised assets held for continuing use of their service capacity - the recoverable amounts are expected to be materially the same as fair value.

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

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

(g) Employee Provisions

Short-term employee provisions

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries annual leave and sick leave.

Short term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees long service leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Upon the re measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(h) Cash and cash equivalents

Cash on hand includes cash on hand, deposits held at-call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(i) Goods & Services Tax (GST)

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

Receivables and payables are shown inclusive of the amount of GST payable or receivable. The net amount of GST recoverable from or payable to the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the Cash Flow Statement on a net basis.

(j) Intangibles

Expenditure on Poker Machine Entitlements have been capitalised and included in intangible assets. The entitlements are tested annually for impairment and carried at cost less accumulated impairment losses if any.

Poker machine entitlements are a tradable commodity within the Clubs Industry. They are considered to have an indefinite useful life. However, as at 30 June 2018 the dollar value of poker machine licences to the Company in an open and unbiased (active) market was not able to be determined. Poker machine entitlements are therefore reported at historical cost. The directors do not consider that the licences have suffered any impairment loss.

(k) Provisions

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

(l) Accounts Payable & Other Payables

Accounts Payable & Other Payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid.

The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Comparative Figures

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

(n) Critical Accounting Estimates and Judgments

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

Key estimates - Impairment

The freehold land and buildings were independently valued on 23rd June 2015 by Preston Rowe Paterson Valuers. The valuation was based on the fair value less cost of disposal. The critical assumptions adopted in determining the valuation included the location of the land and buildings and the demand for land and buildings in the area.

At 30th June 2018 the directors reviewed the key assumptions made by the valuers at 30th June 2015.

They concluded that these assumptions remain materially unchanged, and are satisfied that the carrying does not exceed the recoverable amount of land and buildings at 30th June 2018.

Key judgments - Provision for Impairment

There are no critical accounting judgments which require specific disclosure except for those disclosed in Note 1 (j).

(o) Accounts Receivable and Other Debtors

Accounts Receivable and Other Debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

(p) Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie. unforced) transaction between independent, knowledge and willing market participants at the measurement date.

As fair is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements may be valued, where there is no observable market price in relation to the transfer of such financial instruments by reference to observable market information where such instruments are held as assets. Where this information is not available other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

	2018 \$	2017 \$
Note 2: Revenue		
Bar	2,046,787	2,086,666
Poker Machine Net Income	3,357,405	3,304,615
Catering	302,843	219,790
Keno	89,682	90,484
TAB	23,378	19,197
	<u>5,820,095</u>	<u>5,720,752</u>
Note 3: Other Revenues		
Greens	113,048	117,613
Other Income	235,191	240,384
	<u>348,239</u>	<u>357,997</u>
Note 4: Bar Purchases		
Bar	993,672	914,641
	<u>993,672</u>	<u>914,641</u>
Note 5: Borrowing Costs		
Flexible Loans and Trading account	13,601	16,913
Lease Purchase term Charges	135,829	139,993
	<u>149,430</u>	<u>156,906</u>
Note 6: Depreciation & Amortisation		
- Poker Machines	221,501	244,567
- Plant & Equipment & Motor Vehicles	150,047	156,404
- Buildings	156,507	138,632
	<u>528,055</u>	<u>539,603</u>
Note 6(a): Cash on Hand		
Bank Account	(148,696)	53,182
Floats	110,300	129,900
ATM	85,600	61,110
Cash Maximiser	1,000	90,000
Cash Redemption Terminal	36,492	12,506
	<u>84,696</u>	<u>346,698</u>
Note 7: Inventories on hand		
Bar Stock	35,343	35,606
Bowls Stock	3,682	4,572
Catering Stock	4,107	-
	<u>43,132</u>	<u>40,178</u>

	2018 \$	2017 \$
Note 8: Accounts Receivable & Other Debtors		
Prepayments	19,609	69,786
Accounts Receivable	26,677	28,590
	<u>46,286</u>	<u>98,376</u>

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The main source of credit risk to the company is considered to relate to the class of assets described as accounts receivable and other debtors.

The balances of receivables that remain within initial trade terms are considered to be of high credit quality.

Note 9: Property, Plant & Equipment

Freehold land at independent valuation	<u>2,064,225</u>	<u>2,064,225</u>
Building at independent valuation	3,435,775	3,435,775
less accumulated depreciation	<u>(257,646)</u>	<u>(171,788)</u>
	<u>3,178,129</u>	<u>3,263,987</u>
Furniture, Plant & Equipment - at Cost	4,839,101	4,722,660
less accumulated depreciation	<u>(1,414,917)</u>	<u>(1,289,326)</u>
	<u>3,424,184</u>	<u>3,433,334</u>
Motor Vehicles - at Cost	58,175	58,175
less accumulated depreciation	<u>(39,449)</u>	<u>(26,130)</u>
	<u>18,726</u>	<u>32,045</u>
Poker Machines - at Cost	<u>2,138,464</u>	<u>2,180,934</u>
Less accumulated depreciation	<u>(1,467,669)</u>	<u>(1,421,425)</u>
	<u>670,795</u>	<u>759,509</u>
TOTAL PROPERTY PLANT & EQUIPMENT	<u>9,356,059</u>	<u>9,553,100</u>

Asset Revaluation

The freehold land and buildings were independently valued on 23rd June 2015 by Preston Rowe Paterson Valuers. The valuation was based on fair value less costs to sell. The critical assumptions made in the valuation were the location of the land and buildings and demand in the area.

Movements in Carrying amounts

Movement in the carrying amounts of each class of property, plant & equipment between the beginning and the end of the current financial year.

2018	F/Hold Land	Building at Cost & Independent Valuation	Furniture & Plant	Motor Vehicle	Poker Machines	Total
Balance at Beginning of the Year	2,064,225	3,263,987	3,426,222	32,044	766,622	9,553,100
Additions at cost			205,874		147,800	353,674
Disposals at wdv			(7,487)		(15,173)	(22,660)
Depreciation expense		(85,894)	(207,485)	(13,175)	(221,501)	(528,055)
Carrying amount at the end of the year	2,064,225	3,178,093	3,417,124	18,869	677,748	9,356,059
2017	F/Hold Land	Building at Cost & Independent Valuation	Furniture & Plant	Motor Vehicle	Poker Machines	Total
Balance at Beginning of the Year	2,064,225	3,349,881	2,267,819	45,263	629,577	8,356,765
Additions at cost			1,361,458		374,480	1,735,938
Disposals at wdv						
Depreciation expense		(85,894)	(203,055)	(13,219)	(237,435)	(539,603)
Carrying amount at the end of the year	2,064,225	3,263,987	3,426,222	32,044	766,622	9,553,100

	2018 \$	2017 \$
Note 10: Related Party Transactions		
Key Management Personal Compensation		
Salaries & Benefits	185,554	179,918
Superannuation	16,356	16,043
Total Compensation	201,910	195,961

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

Note 11: Intangibles

Poker Machine Entitlements at Cost	211,451	211,451
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Note 12: Accounts Payables & Other Payables

Trade Creditors	126,448	178,835
Subscriptions in advance	69,690	69,680
PAYG Withholding & Payroll Deductions Payable	24,675	23,278
Other income in advance	4,935	19,358
Accruals	228,285	293,388
GST Payable (Refundable)	83,129	79,263
Caterers Security Deposit	5,000	5,000
	542,162	668,802

The average credit period on accounts payable and other payables (excluding GST payable) is 1 month. No interest is payable on outstanding payables.

Note 13: Employee Provisions

Current		
Employee Benefits	252,179	246,063
Non Current		
Employee Benefits	33,182	28,738

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

The current portion for the 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 14: Interest Bearing Liabilities	2018	2017
	\$	\$
Current		
Business Markets Loan	520,000	520,000
Hire purchase liabilities - Secured	234,371	272,985
	<u>754,371</u>	<u>792,985</u>
Non Current		
Hire purchase liabilities - Secured	123,527	141,506
Business Markets Loan	1,643,403	2,013,403
	<u>1,766,930</u>	<u>2,154,909</u>

- (i) The bank overdraft and commercial bill are secured by a fixed and floating charge over the whole of the assets of the Company including goodwill and uncalled capital, and called but unpaid capital together with relative insurance policy assigned to the National Australia Bank Limited.
- (ii) The hire purchase liabilities are secured by a registered mortgage debenture over the whole of the assets and undertakings of the Company, including uncalled capital and called but unpaid capital and a Master Asset Finance Agreement with National Australia Bank Limited. The hire purchase facilities vary from 1 month to 60 months.
- (iii) The business Markets loan is currently at an interest rate of 5.139%. Repayments are currently on an interest only basis. Repayments are currently \$10,000 per week

Note 15: Cash Flow Information

Reconciliation of cash flow from operations with loss		
Profit/(Loss) for the year	34,494	327,052
Non Cash Flows		
Depreciation & Amortisation	528,055	539,603
Loss on Disposal of Property, Plant & Equipment	15,161	2,932
Profit on disposal of Property Plant & Equipment	(4,545)	-
Increase in Stock	(2,954)	3,342
Decrease in Debtors & Prepayments	52,090	(26,678)
Decrease in Accounts Payable & Accruals	(78,937)	53,234
Increase in Provisions	10,270	516
	<u>553,634</u>	<u>900,001</u>

Note 16: Financial Risk Management

Financial Risk Management Policies

- (i) (i)The Company's financial instruments consist mainly of cash, receivable and payables, bank borrowings and hire purchase contracts. The Company does not have any derivative instruments at at 30th June 2018.
- The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 Financial Instruments: Recognition & Measurement as detailed in the accounting policies to these financial statements are as follows:

(ii) <i>Financial Assets</i>			
Cash on hand	84,696	346,698	
Accounts Receivable & Other Receivables	26,677	28,590	
	<u>111,373</u>	<u>375,288</u>	
(iii) <i>Financial Liabilities</i>			
Accounts & Other Payables	542,265	668,802	
Borrowings	2,521,301	2,947,894	
	<u>3,063,566</u>	<u>3,616,696</u>	
(iv) (A finance Committee consisting of management and board members meet on a regular basis to analyse financial risk exposure and to assist the company in meeting financial targets. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements.			
(v) Specific Financial Risk Exposures & Management			
The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity and credit risk.			

Note 17: Entity Detail

The registered office of the Company is:

Stockton Street
Nelson Bay NSW 2315

The principal place of business is:

Nelson Bay Bowling & Recreation Club Limited
Stockton Street
Nelson Bay NSW 2315

Note 18: Wages & Labour on-costs

The 2017 financial report had some on-costs incorrectly classified as other expenses. The comparative figures in this report have been amended to reflect the correct allocation.

Note 19: Reserves

The revaluation surplus records the reserves of non current assets.

Note 20: Members Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the entity. At 30 June 2018, the number of members was 5,220 .

Note 21: Core Property

The club's property at Stockton St Nelson Bay is core property as defined in Section 41J (2) of the Registered Clubs Act.

DIRECTORS DECLARATION

In accordance with a resolution of the directors of Nelson Bay Bowling & Recreation Club Limited

The directors declare that:

1. The financial statements and notes as set on pages 12 to 32 are in accordance with the Corporations Act 2001, and
 - (a) comply with Accounting Standards; and
 - (b) give a true and fair view of the financial position of the Company as at 30th June 2018 and of its performance for the year ended on that date.
2. there are reasonable grounds to believe that the Company will be able to pay it's debts as and when they become due and payable.



A. Barnes
Director

Dated 7th August 2018

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF NELSON BAY BOWLING & RECREATION CLUB LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Nelson Bay Bowling & Recreation Club Limited, which comprises the statement of financial position as at 30th June 2018, 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, and the notes comprising a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Nelson Bay Bowling & Recreation 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 2018 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001

Base for Opinion

We conduct our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30th June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the

other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained within the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors, either intend to liquidate the company, or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit 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 company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

7th August 2018
1/55 Donald Street
Nelson Bay NSW 2315

MORLEY & COMPANY
CHARTERED ACCOUNTANTS



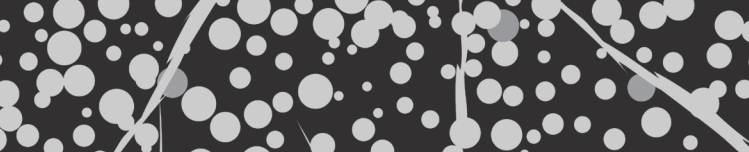
S B TOLHURST

CLUB GRANTS DONATIONS

YOUR CLUB CONTINUES TO SUPPORT THE NELSON BAY COMMUNITY THROUGH THE FOLLOWING DONATIONS

- Beyond Blue
- Bay Fm 88.0
- Camp Quality
- Coastal Care Initiative
- Cystic Fibrosis Association
- Jeans for Genes
- Legacy
- Leukemia Foundation
- Nelson Bay District Social & Welfare Club
- PS Women in Crisis
- PS Marine Rescue
- PSFM Radio
- Rotary Club of Nelson Bay
- Salamander Men's Shed
- Tomaree Breast Cancer Support
- Tomaree Neighbourhood Centre
- Tomaree Prostate Group
- Tomaree Public School
- Westpac Rescue Helicopter
- Men of League
- Nelson Bay Rugby Club
- Nelson Bay Junior Rugby Club
- Nelson Bay Strikers Baseball Club
- NBBC Darts Club
- NBBC Fishing Club
- Nelson Bay Tennis Club
- PS District Bodyboarders Club
- PS Suicide Prevention Network
- Sporting Hope Foundation

Our club is a proud supporter of local junior and senior sport as well as many community support initiatives. You can trust that Nelson Bay Bowling Club takes great pride in assisting the local community.



Nelson Bay Bowling & Recreation Club Limited

Stockton Street Nelson Bay NSW 2315
Phone: 4981 1272 • Fax: 4984 1670

