

# **Harrington Bowling Club Limited**

ABN: 56 001 040 311

## **Financial Statements**

**For the Year Ended 31 May 2017**

# Harrington Bowling Club Limited

ABN: 56 001 040 311

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For the Year Ended 31 May 2017

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# Harrington Bowling Club Limited

ABN: 56 001 040 311

## DIRECTORS' REPORT

31 May 2017

Your directors present their report on the Company for the financial year ended 31 May 2017.

### Directors

The names of the directors in office at any time during, or since the end of, the year are:

Kerry McDONALD	
Garry DURRANT	
Roger McELLAGOTT	
Kelvin SWEETMAN	
Margaret HAWKINS	
Warwick MUNRO	(Appointed 27 August 2016)
Allan ROSS	(Appointed 27 August 2016)
Eric MASON	(Resigned 27 August 2016)
Gary JOHNSON	(Resigned 27 August 2016)

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

### Short-Term Objectives

The short-term objectives of the Company are to:

- Promote the Club principally for lawn bowls as well as other sporting, social and community activities.
- Provide entertainment to suit customers' needs.
- Provide quality food and beverage services with special benefits to customers.
- Raise funds for community based appeals.
- Ensure regulatory requirements are met.

### Long-Term Objectives

The long-term objectives of the Company are to:

- Increase overall membership and encourage participation in sporting and other activities.
- Be a positive influence on the community through considered donations and providing a meeting place for community entities.
- Provide and deliver quality food and beverage products and other services to customers.
- Upgrade Club and Caravan Park facilities.

# Harrington Bowling Club Limited

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## DIRECTORS' REPORT

31 May 2017

### Strategies

To achieve the objectives of the Company the following strategies have been adopted:

- Monitor the external and internal environment and make changes to the Clubs Constitution, if required.
- Provide cash donations (on request) as well as in-kind support to community organisations.
- Allow the use of the auditorium to members and community groups for special functions.
- Organise sporting events as well as raffles and donations to raise funds for charitable appeals.
- Maximise the benefits offered to community groups by appropriate management of the Clubs Grants Program.
- Promote men's and women's bowls, fishing, snooker and darts Clubs, entertainment activities and membership benefits through in-house advertising as well as advertising in the local community newspaper, district press and TV campaigns.
- Reward customers for loyalty by conducting promotional events related to the Club's income streams.
- Offer services at a more competitive price than our local competitors.
- Deliver products and services in a professional and friendly manner that is equal to industry standards and better than our local competitors by monitoring staff performance and encouraging constant improvement in customer service.
- Provide regular music and dancing entertainment.
- Encourage discounted meals for members.
- Encourage promotional meals to all customers on targeted nights to increase turnover in quiet periods.
- Monitor health and safety requirements, industrial awards and other requirements for compliance and upgrade as necessary.
- Explore options for improvements to bowling green and act on improvement provided the circumstances are favourable.
- Explore electronic options for improving services to customers.
- Upgrade equipment and infrastructure at the Club and the Caravan Park as required.

# Harrington Bowling Club Limited

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## DIRECTORS' REPORT

31 May 2017

### Principal Activities

The principal activity of the Company during the financial year was the conduct of a Registered Club.

No significant change in the nature of this principal activity occurred during the financial year.

### Means by which Principal Activities Assisted in Achieving the Company's Objectives

The Club's objectives were achieved through profits and cash flow as well as support provided by volunteer activities.

### Key Performance Measures

The Club measures performance against actual monthly results matched to forecasts derived from previous years' activities and anticipated growth in the major income streams of bar, bistro, gaming, TAB, KENO, fees from bowls events and caravan park receipts. The Club monitors trading results and any impact that may occur due to price increases and possible changes in regulations.

### Members' Guarantee

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$2 each towards any outstanding obligations of the Company. At 31 May 2017 the number of members was 2,488 (2016: 2,276).

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* has been received and is included in this financial report.

### Core and Non-Core Property

Core property is defined as any real property owned by the Club that comprises the defined premises of the Club or any facility provided by the Club for the use of its members and visitors. Core property of the Club consists of land occupied by the Clubhouse, Bowling Greens at 50 Beach Street, Harrington, New South Wales.

Non core property of the Club means any real property owned by the Club that is not core property. Non core property consists of land located at 69 Beach Street and a caravan park located at 71-83 Beach Street, Harrington New South Wales.

# Harrington Bowling Club Limited

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## DIRECTORS' REPORT

31 May 2017

### Meetings of Directors

During the financial year 12 monthly and 2 special meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Special Meetings	
	Eligible to attend	Number attended	Eligible to attend	Number attended
Kerry McDONALD	12	11	2	2
Garry DURRANT	12	8	2	2
Roger McELLIGOTT	12	10	2	2
Kelvin SWEETMAN	12	11	2	2
Margaret HAWKINS	12	12	2	2
Warwick MUNRO	10	9	-	-
Allan ROSS	10	9	-	-
Eric MASON	2	2	2	2
Gary JOHNSON	2	2	2	2

### Information on Current Directors

Kerry McDONALD

Experience

Chairman 4 years  
Past Deputy Chairman 1 year  
Past Ordinary Director 2 years

Special Responsibilities

Chairman

Garry DURRANT

Experience

Deputy Chairman 4 years  
Past Ordinary Director 4 years  
Past Treasurer 1 year

Special Responsibilities

Deputy Chairman

Roger McELLIGOTT

Experience

Treasurer 5 years

Special Responsibilities

Treasurer

# Harrington Bowling Club Limited

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## DIRECTORS' REPORT

31 May 2017

### Information on Current Directors

Kelvin SWEETMAN

Experience Past Ordinary Director 4 years  
Deputy Chairman 1 year

Special Responsibilities Deputy Chairman

Margaret HAWKINS

Experience Ordinary Director 3 years

Warwick MUNRO

Experience Ordinary Director 1 year

Allan ROSS

Experience Ordinary Director 1 year

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

Chairman: ..........  
Kerry McDONALD

Dated: 3 July 2017



**NorthCorp**  
accountants

PARTNERS  
Robert Magnussen B Bus FCA  
Paul Fahey B Bus CA  
Rodney Smith B Fin Admin FCA  
Bart Lawler B Com CA  
Patrick Brennan B Com CA

**AUDITOR'S INDEPENDENCE DECLARATION**

**Under Section 307C of the *Corporations Act 2001***

**To the Directors of Harrington Bowling Club Limited**

I declare that, to the best of my knowledge and belief, during the year ended 31 May 2017 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.

**NorthCorp Accountants**

**Darren Johnson**  
**Lead Auditor**

**10-12 Short Street**  
**Port Macquarie NSW 2444**

**Dated: 3 July 2017**



**CHARTERED ACCOUNTANTS**  
AUSTRALIA • NEW ZEALAND

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Liability Limited by a scheme approved under Professional Standards Legislation



# Harrington Bowling Club Limited

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## STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 May 2017

		2017	2016
	Note	\$	\$
Revenue	2(a)	4,528,711	3,725,503
Other income	2(b)	24,397	17,058
		<u>4,553,108</u>	<u>3,742,561</u>
Changes in inventories	3	(12,637)	(13,657)
Inventories purchased	3	(945,978)	(662,548)
Bowling, member and social expenses		(116,692)	(133,133)
Contract management fees- caravan park		(182,035)	(177,280)
Electricity and gas		(145,446)	(140,056)
Employee benefits expense		(1,255,498)	(911,258)
Depreciation and amortisation expense	3	(443,957)	(425,755)
Finance costs	3	(66,543)	(84,849)
Insurances		(74,371)	(63,060)
Other poker machines, keno and tab expenses		(189,267)	(161,870)
Rates and taxes		(148,352)	(103,409)
Repairs, maintenance and cleaning expenses		(287,741)	(278,207)
Other expenses from operating activities		(305,058)	(265,977)
		<u>(4,173,575)</u>	<u>(3,421,059)</u>
<b>Profit before income tax</b>		<b>379,533</b>	<b>321,502</b>
Income tax expense		-	-
<b>Profit for the year</b>		<b>379,533</b>	<b>321,502</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>379,533</b>	<b>321,502</b>
Profit attributable to members of the entity		<u>379,533</u>	<u>321,502</u>
Total comprehensive income attributable to members of the entity		<u>379,533</u>	<u>321,502</u>

The accompanying notes form part of these financial statements.

# Harrington Bowling Club Limited

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## STATEMENT OF FINANCIAL POSITION

As at 31 May 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1,238,560	1,101,871
Trade and other receivables	5	17,370	5,050
Inventories	6	50,362	65,000
Other assets	7	20,870	32,940
<b>Total current assets</b>		<b>1,327,162</b>	<b>1,204,861</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	5,180,635	5,199,744
Intangible assets	9	-	-
<b>Total non-current assets</b>		<b>5,180,635</b>	<b>5,199,744</b>
<b>TOTAL ASSETS</b>		<b>6,507,797</b>	<b>6,404,605</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	249,845	229,940
Borrowings	11	152,233	192,802
Short-term provisions	12	139,490	136,713
Other current liabilities	13	14,155	19,625
<b>Total current liabilities</b>		<b>555,723</b>	<b>579,080</b>
<b>Non-current liabilities</b>			
Borrowings	11	981,296	1,238,687
Long-term provisions	12	15,069	10,662
<b>Total non-current liabilities</b>		<b>996,365</b>	<b>1,249,349</b>
<b>TOTAL LIABILITIES</b>		<b>1,552,088</b>	<b>1,828,429</b>
<b>NET ASSETS</b>		<b>4,955,709</b>	<b>4,576,176</b>
<b>EQUITY</b>			
Retained earnings		4,955,709	4,576,176
<b>TOTAL EQUITY</b>		<b>4,955,709</b>	<b>4,576,176</b>

The accompanying notes form part of these financial statements.

# Harrington Bowling Club Limited

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## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 May 2017

2017

	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 June 2016</b>	<b>4,576,176</b>	<b>4,576,176</b>
Profit attributable to members of the entity	<b>379,533</b>	<b>379,533</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>379,533</b>	<b>379,533</b>
<b>Balance at 31 May 2017</b>	<b>4,955,709</b>	<b>4,955,709</b>

2016

	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 June 2015</b>	4,254,674	4,254,674
Profit attributable to members of the entity	321,502	321,502
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>321,502</b>	<b>321,502</b>
<b>Balance at 31 May 2016</b>	<b>4,576,176</b>	<b>4,576,176</b>

The accompanying notes form part of these financial statements.

# Harrington Bowling Club Limited

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## STATEMENT OF CASH FLOWS

For the Year Ended 31 May 2017

	2017	2016
Note	\$	\$
<b>Cash flows from operating activities:</b>		
Receipts from customers	4,908,898	4,092,551
Payments to suppliers and employees	(4,083,925)	(3,291,856)
Interest received	5,588	5,592
Finance costs	(66,543)	(84,849)
<b>Net cash provided by (used in) operating activities</b>	<b>764,018</b>	<b>721,438</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of plant and equipment	29,209	25,740
Purchase of property, plant and equipment	(358,578)	(221,652)
<b>Net cash provided by (used in) investing activities</b>	<b>(329,369)</b>	<b>(195,912)</b>
<b>Cash flows from financing activities:</b>		
Repayment of borrowings	(297,960)	(228,597)
<b>Net cash provided by (used in) financing activities</b>	<b>(297,960)</b>	<b>(228,597)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>136,689</b>	<b>296,929</b>
Cash and cash equivalents at beginning of financial year	1,101,871	804,942
<b>Cash and cash equivalents at end of financial year</b>	<b>1,238,560</b>	<b>1,101,871</b>
4		

The accompanying notes form part of these financial statements.

# Harrington Bowling Club Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2017

The financial report is for Harrington Bowling Club Limited as an individual entity, incorporated and domiciled in Australia. Harrington Bowling Club Limited is a Company limited by guarantee.

### Note 1 Summary of Significant Accounting Policies

#### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied, unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were approved and authorised for issue on 3 July 2017 by the Directors of the Company.

#### Accounting Policies

##### (a) Income Tax

The Company has been granted an exemption from income tax under Section 50-45 of the *Income Tax Assessment Act 1997*. The exempt status of the Company applies indefinitely or until such time as a change in circumstances warrants a review of the exempt status.

##### (b) Inventories

Inventories are measured at the lower of cost and net realisable value.

##### (c) Property, Plant and Equipment

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

#### Property

Freehold land and buildings are measured on the cost basis.

#### Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in the statement of comprehensive income. An assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

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## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2017

### (c) Property, Plant and Equipment

#### Plant and equipment

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

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life 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:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Buildings and freehold improvements	2.5 to 20%
Plant and equipment	5 to 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of 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 disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the statement of comprehensive income in the period in which they arise.

### (d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

# Harrington Bowling Club Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2017

### (e) Financial Instruments

#### Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company 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 (ie. trade date accounting is adopted).

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

#### 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:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- 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
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

#### (i) *Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

# Harrington Bowling Club Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2017

### (e) Financial Instruments

#### (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

Loans and receivables are classified as current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

#### (iii) *Held-to-maturity investments*

Held-to-maturity financial assets 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.

Held-to-maturity financial assets are classified as non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

#### (iv) *Available-for-sale financial assets*

Available-for-sale financial assets 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 equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are subsequently measured at fair value.

Available-for-sale financial assets are classified as non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

#### (v) *Financial liabilities*

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

### **Fair Value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

### **Impairment**

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised immediately in the statement of comprehensive income.



# Harrington Bowling Club Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2017

### **(f) Impairment of Assets**

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

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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite useful lives.

### **(g) Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. 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 Company to an employee superannuation fund and are charged as expenses when incurred.

### **(h) 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.

### **(i) Cash and Cash Equivalents**

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

### **(j) Trade and Other Payables**

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

### **(k) Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

# Harrington Bowling Club Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2017

### **(k) Revenue**

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

### **(l) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **(m) Goods and Services Tax (GST)**

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

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### **(n) Affiliated Clubs**

Affiliated clubs are amalgamated with the Company unless they can demonstrate financial and legal independence.

### **(o) Comparative Figures**

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

When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

### **(p) Critical Accounting Estimates and Judgements**

The Directors evaluate estimates and judgements 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 Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### ***Key Judgements - Provision for Impairment of Property, Plant and Equipment***

No impairment has been recognised in respect of assets at the end of the reporting period.

# Harrington Bowling Club Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2017

### Note 2 Revenue and Other Income

#### (a) Revenue

	2017	2016
	\$	\$
<b>Sale of goods</b>		
Bar sales	1,396,360	1,348,200
Bistro sales	807,420	142,529
	<u>2,203,780</u>	<u>1,490,729</u>
<b>Other revenue:</b>		
Caravan park revenue	665,064	646,222
Commissions received - Club Keno	81,950	90,973
Commissions received - other	17,684	19,946
Commissions received - TAB	8,498	8,536
Contributions - Sub clubs	(990)	(1,435)
Government subsidies received	24,335	17,172
Green fees	58,202	70,587
Interest received - other persons	5,588	5,592
Membership subscriptions	38,917	35,312
Poker machine takings (net of payouts)	1,406,243	1,293,242
Sundry income	19,440	48,627
	<u>2,324,931</u>	<u>2,234,774</u>
<b>Total revenue</b>	<u>4,528,711</u>	<u>3,725,503</u>
<b>(b) Other income</b>		
Net gain on disposal of property, plant and equipment	24,397	17,058
<b>Total Revenue and Other Income</b>	<u>4,553,108</u>	<u>3,742,561</u>

### Note 3 Profit for the Year

#### (a) Expenses

	2017	2016
	\$	\$
<b>Cost of goods sold:</b>		
Bar sales	629,679	623,617
Bistro sales	328,936	52,588
	<u>958,615</u>	<u>676,205</u>
<b>Finance Costs:</b>		
Interest expense	66,543	84,849

# Harrington Bowling Club Limited

ABN: 56 001 040 311

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2017

### Note 3 Profit for the Year

#### (a) Expenses

	2017	2016
	\$	\$
<b>Depreciation:</b>		
Buildings and improvements	193,799	193,492
Plant and equipment	250,158	232,263
	<u>443,957</u>	<u>425,755</u>

### Note 4 Cash and Cash Equivalents

Cash at bank and in hand - main club	1,153,467	1,017,553
Cash at bank and in hand - sub clubs	85,093	84,318
	<u>1,238,560</u>	<u>1,101,871</u>

#### Reconciliation of Cash

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>1,238,560</u>	<u>1,101,871</u>
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### Note 5 Trade and Other Receivables

#### Current

Trade receivables	<u>17,370</u>	<u>5,050</u>
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### Note 6 Inventories

#### Current

##### Finished Goods - at Cost

Bar stock	31,454	43,043
Bistro stock	9,619	8,984
Other consumables	9,289	12,973
	<u>50,362</u>	<u>65,000</u>

### Note 7 Other Assets

#### Current

Prepayments	15,870	27,940
TAB guarantee	5,000	5,000
	<u>20,870</u>	<u>32,940</u>

# Harrington Bowling Club Limited

ABN: 56 001 040 311

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2017

### Note 8 Property Plant and Equipment

	2017	2016
	\$	\$
<b>Land and buildings</b>		
<b>Freehold land</b>		
Land at cost	<u>1,377,870</u>	1,377,870
<b>Buildings and freehold improvements</b>		
Buildings at cost	5,510,554	5,372,046
Accumulated depreciation	<u>(2,408,178)</u>	(2,214,400)
<b>Total buildings</b>	<u>3,102,376</u>	3,157,646
<b>Total land and buildings</b>	<u>4,480,246</u>	4,535,516
<b>Plant and equipment</b>		
Plant and equipment at cost	2,811,815	2,601,702
Accumulated depreciation	<u>(2,111,426)</u>	(1,937,474)
<b>Total plant and equipment</b>	<u>700,389</u>	664,228
<b>Total property, plant and equipment</b>	<u>5,180,635</u>	5,199,744

#### (a) Movements in Carrying Amounts

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

	Land	Buildings	Plant and equipment	Total
	\$	\$	\$	\$
Balance at 1 June 2016	1,377,870	3,157,646	664,228	5,199,744
Additions at cost	-	138,529	290,099	428,628
Disposals	-	-	(3,780)	(3,780)
Depreciation expense	-	(193,799)	(250,158)	(443,957)
<b>Balance at 31 May 2017</b>	<u>1,377,870</u>	<u>3,102,376</u>	<u>700,389</u>	<u>5,180,635</u>

# Harrington Bowling Club Limited

ABN: 56 001 040 311

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2017

### Note 9 Intangible assets

	2017	2016
Note	\$	\$
<b>Goodwill</b>		
Goodwill at cost	774,092	774,092
Accumulated impairment losses	<u>(774,092)</u>	<u>(774,092)</u>
Net carrying value	<u>-</u>	<u>-</u>

### Note 10 Trade and Other Payables

#### Current

##### Unsecured liabilities

Trade payables	128,137	98,082
Accrued expenses	98,289	91,788
Other payables	<u>23,419</u>	<u>40,070</u>
	<u>249,845</u>	<u>229,940</u>

### Note 11 Borrowings

#### Current

##### Unsecured liabilities

Other borrowings	(c) -	<u>8,953</u>
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##### Secured liabilities

Bank loans	11(a)(b) 152,233	<u>183,849</u>
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<b>Total current borrowings</b>	<u>152,233</u>	<u>192,802</u>
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#### Non-Current

##### Unsecured liabilities

##### Secured liabilities

Bank loans	11(a)(b) 981,296	<u>1,238,687</u>
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<b>Total non-current borrowings</b>	<u>981,296</u>	<u>1,238,687</u>
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<b>Total borrowings</b>	<u>1,133,529</u>	<u>1,431,489</u>
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# Harrington Bowling Club Limited

ABN: 56 001 040 311

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2017

### Note 11 Borrowings

#### (a) Total current and non-current secured liabilities

	2017	2016
	\$	\$
Bank loans	1,133,529	1,422,536
	<u>1,133,529</u>	<u>1,422,536</u>

#### (b) The carrying amounts of non-current assets pledged as security are:

Freehold land and buildings	4,480,246	4,535,516
Plant and equipment	700,389	664,228
	<u>5,180,635</u>	<u>5,199,744</u>

#### (c) Collateral Provided

##### Bank Loans

Bank loans are secured by registered first mortgage over the freehold land and buildings of the Company and a registered mortgage debenture over the assets of the Company.

##### Other Borrowings

Other borrowings were unsecured and comprised of finance contracts for the purchase of 2 poker machines and a poker machine ticket-in ticket-out system entered into during the year ended 31 May 2014 with 3 year terms. The loans were interest free.

### Note 12 Provisions

	Employee benefits	Total
	\$	\$
Opening balance at 1 June 2016	147,375	147,375
Additional provisions	7,184	7,184
Balance at 31 May 2017	<u>154,559</u>	<u>154,559</u>

#### Analysis of Total Provisions

	2017	2016
	\$	\$
Current	139,490	136,713
Non-current	15,069	10,662
	<u>154,559</u>	<u>147,375</u>

# Harrington Bowling Club Limited

ABN: 56 001 040 311

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2017

### Note 12 Provisions

#### Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for wages, annual leave and long service leave.

The current portion for the provision includes the total amount accrued for wages and annual leave entitlements and amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service.

These amounts are classified as current liabilities since the Company does not have an unconditional right to defer settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion of the 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 13 Other Liabilities

#### Current

	2017	2016
	\$	\$
Members' subscriptions in advance	<u>14,155</u>	<u>19,625</u>

### Note 14 Capital and Leasing Commitments

#### (a) Capital Expenditure Commitments

- Plant and equipment	<u>23,305</u>	<u>10,535</u>
Payable:		
- not later than 12 months	<u>23,305</u>	<u>10,535</u>

### Note 15 Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the the Company, directly or indirectly, including any Director (whether executive or otherwise) of that at entity. Control is the power to govern the financial and operating policies of an entity so to obtain benefits from its activities.

The aggregate compensation of key management personnel during the financial year comprising amounts paid or payable or provided for was as follows:

	2017	2016
	\$	\$
Short-term employee benefits	93,693	101,512
Post-employment benefits	8,901	9,237
Other long-term benefits	4,985	5,592
	<u>107,579</u>	<u>116,341</u>



# Harrington Bowling Club Limited

ABN: 56 001 040 311

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2017

### Note 16 Other Related Party Transactions

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

### Note 17 Members' Guarantee

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$2 each towards any outstanding obligations of the Company. At 31 May 2017 the number of members was 2,488 (2016: 2,276).

### Note 18 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, cash on hand, accounts receivable and payable, bank loans and borrowings.

The carrying amounts 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:

		2017	2016
	Note	\$	\$
<b>Financial Assets</b>			
Cash and cash equivalents	4	1,238,560	1,101,871
Trade receivables	5	17,370	5,050
<b>Total Financial Assets</b>		<b>1,255,930</b>	<b>1,106,921</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
Trade and other payables	10	249,845	229,940
Bank Loans	11	1,133,529	1,422,536
Other borrowings	11	-	8,953
<b>Total financial liabilities</b>		<b>1,383,374</b>	<b>1,661,429</b>

### Net Fair Values

The net fair values of financial assets and financial liabilities approximates their carrying values. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

### Note 19 Company Details

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

50 Beach Street  
Harrington NSW 2427

# Harrington Bowling Club Limited

ABN: 56 001 040 311

## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Harrington Bowling Club Limited, the directors of the Company declare that:

1. The financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the financial statements, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - (b) give a true and fair view of the financial position of the Company as at 31 May 2017 and of its performance 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.

Chairman .....  
Kerry McDONALD

**Dated: 3 July 2017**



NorthCorp  
accountants

PARTNERS  
Robert Magnussen B Bus FCA  
Paul Fahey B Bus CA  
Rodney Smith B Fin Admin FCA  
Bart Lawler B Com CA  
Patrick Brennan B Com CA

## Independent Auditor's Report to the Members of Harrington Bowling Club Limited

### Opinion

We have audited the financial report of Harrington Bowling Club Limited, which comprises the Statement of Financial Position as at 31 May 2017, the Statement of 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.

In our opinion, the accompanying financial report of Harrington Bowling Club Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 May 2017 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*

### Basis for Opinion

We conducted 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 the 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 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 31 May 2017, 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 in 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 this other information, we are required to report that fact. We have nothing to report in this regard.



CHARTERED ACCOUNTANTS  
AUSTRALIA • NEW ZEALAND

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## **Independent Auditor's Report to the Members of Harrington Bowling Club Limited**

### **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 - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from 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 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 the 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.



**NorthCorp**  
accountants

PARTNERS  
Robert Magnussen B Bus FCA  
Paul Fahey B Bus CA  
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Patrick Brennan B Com CA

## **Independent Auditor's Report to the Members of Harrington Bowling Club Limited**

### **Auditor's Responsibilities for the Audit of the Financial Report (continued)**

- 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 Director's 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, 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.

### **NorthCorp Accountants**

**Darren Johnson**  
**Lead Auditor**

**10-12 Short Street**  
**Port Macquarie NSW 2444**

**Dated: 3 July 2017**