

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

Annual financial report

31 May 2017

Bellambi Bowling Recreation & Sports Club Limited
ABN: 82 001 068 917

Contents	Page
Directors' report	1
Auditor's independence declaration	4
Statement of comprehensive income	5
Statement of changes in members' funds	6
Statement of financial position	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	18
Independent auditor's report	19

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

Directors' report for the year ended 31 May 2017

The directors present their report together with the financial report of Bellambi Bowling Recreation & Sports Club Limited ("the Company") for the year ended 31 May 2017 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are:

Director	Board Experience	Special Responsibility
Selywn Mumford	7 years	Chairman
Barry Amos	6 years	Director
Keith Elliott	4 years	Director
Beverly Emmett	4 years	Director
Craig Kershaw	3 years	Director
Michael Traynor	1 year	Director
Garry Tatton	1 year	Director

Company secretary

Mr Garry Gene Weston was appointed to the position of company secretary on 19 December 2011. Garry is also the Chief Executive Officer of the company.

Directors' meetings

The number of directors' meetings (including meeting of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director name	Board meetings		Other meetings	
	No. of meetings attended	No. of meetings held*	No. of meetings attended	No. Of meetings held*
Selywn Mumford	11	11	1	1
Barry Amos	11	11	1	1
Keith Elliott	11	11	1	1
Beverly Emmett	8	11	1	1
Craig Kershaw	8	11	1	1
Michael Traynor	11	11	1	1
Garry Tatton	-	11	-	-

* Reflects the number of meetings held during the time the director held office during the year.

Principal activities

The principal activities of the Company during the course of the financial year consisted of the conduct and promotion of a licensed bowling club for members of the Company.

There were no significant changes in the nature of the activities of the Company during the year.

Membership

The Company is a Company limited by guarantee to the amount stated in the company's constitution. In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$1 member in the event of the winding up of the Company, during the time he or she is a member or within one year thereafter. The number of members as at 31 May 2017 and the comparison with prior year is as follows:

	2017 No.	2016 No.
Ordinary	1,122	2,638

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

Directors' report for the year ended 31 May 2017

Operating and financial review

Overview of the company

The profit for the year amounted to \$71,084 (2016: loss \$66,344). This resulted after charging \$153,119 (2016: \$162,745) for depreciation and before charging \$Nil (2016: \$Nil) for income tax.

Objectives

Short term

In the short term we will be focusing on returning the club to profitability by ensuring costs are contained, and focusing on revenue growth for the core activities of the club.

Long term

Our long term strategy is to ensure that the club stays relevant to our local communities.

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Dividends

The Company is a non-profit organisation and is prevented by its constitution from paying dividends.

Environmental regulation

The Company's operations are subject to various environmental regulations under both Commonwealth and State legislation.

The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

Events subsequent to reporting date

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

Likely developments

The directors do not anticipate any particular development in the operations of the Company which will affect the result in subsequent years.

Indemnification and insurance of officers

The Company has provided for and paid premiums during the year for directors' and officers' liability and legal expenses insurance contracts.

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome.
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The directors have not included details of the nature of the liabilities covered and the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

**Directors' report
for the year ended 31 May 2017**

Auditor's independence declaration

The auditor's independence declaration is set out on page 4 and forms part of the directors' report for financial year 2017.

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

Dated at Bellambi this day of 2017.

Selwyn Mumford
Director

Barry Amos
Director

Auditor's independence declaration Under Section 307C of the Corporations Act 2001

To: the directors of Bellambi Bowling Recreation & Sports Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 May 2017 there have been:

- No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

**Arnold Stevens Finlay Assurance Services Pty Limited
Chartered Accountants**

S Balram
Director

2017.

Bellambi.

Principal
Sharma Balram

Consultants
Gerry Farlanga
Anne Botting

Sydney
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Bellambi Bowling Recreation & Sports Club Limited**ABN: 82 001 068 917****Statement of comprehensive income
for the year ended 31 May 2017**

	Note	2017 \$	2016 \$
Revenue	4	2,235,662	2,031,604
Changes in inventory of finished goods		(394,612)	(435,661)
Property expenses		(200,040)	(179,566)
Personnel expenses	5	(591,024)	(579,098)
Members expenses		(556,011)	(572,436)
Other expenses		(269,772)	(168,442)
Profit before interest, income tax expense and depreciation (EBITDA)		224,203	96,401
Depreciation		(153,119)	(162,745)
Results from operating activities		71,084	(66,344)
Net financing costs	6	-	-
Profit/(loss) before income tax		71,084	(66,344)
Income tax expense		-	-
Profit/(loss) for the year		71,084	(66,344)
Other comprehensive income		-	-
Total comprehensive income for the year		71,084	(66,344)

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

**Statement of changes in members' funds
for the year ended 31 May 2017**

	Note	2017 \$	2016 \$
Members funds			
Balance at 1 June		2,452,639	2,518,983
Profit/(loss) for the year		71,084	(66,344)
Other comprehensive income		-	-
		<hr/>	<hr/>
Balance at 31 May	14	<u>2,523,723</u>	<u>2,452,639</u>

Bellambi Bowling Recreation & Sports Club Limited
ABN: 82 001 068 917
Statement of financial position
as at 31 May 2017

	Note	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	7	9,126	(2,997)
Other assets	8	65,005	51,362
Inventories	9	22,443	21,623
Total current assets		<u>96,574</u>	<u>69,988</u>
Non-current assets			
Property, plant and equipment	10	2,803,427	2,761,245
Intangible assets		37,258	37,258
Total non-current assets		<u>2,840,685</u>	<u>2,798,503</u>
Total assets		<u>2,937,259</u>	<u>2,868,491</u>
Liabilities			
Current liabilities			
Trade and other payables	11	262,654	258,075
Loans and borrowings	12	49,570	44,241
Employee benefits	13	68,883	63,709
Total current liabilities		<u>381,107</u>	<u>366,025</u>
Non-current liabilities			
Loans and borrowings	12	28,325	47,725
Employee benefits	13	4,104	2,102
Total non-current liabilities		<u>32,429</u>	<u>49,827</u>
Total liabilities		<u>413,536</u>	<u>415,852</u>
Net assets		<u>2,523,723</u>	<u>2,452,639</u>
Members' funds			
Members' funds	14	2,523,723	2,452,639
Total members' funds		<u>2,523,723</u>	<u>2,452,639</u>

Bellambi Bowling Recreation & Sports Club Limited**ABN: 82 001 068 917****Statement of cash flows
for the year ended 31 May 2017**

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Cash receipts from customers		2,459,227	2,234,764
Cash paid to suppliers and employees		(2,237,732)	(2,087,006)
Cash generated from operations		<u>221,495</u>	<u>147,758</u>
Interest received		-	-
Interest paid		-	-
Net cash from operating activities		<u>221,495</u>	<u>147,758</u>
Cash flows from investing activities			
Payment for intangibles		-	-
Acquisition of property, plant and equipment		(195,301)	(275,493)
Net cash used in investing activities		<u>(195,301)</u>	<u>(275,493)</u>
Cash flows from financing activities			
Proceeds from borrowings		50,000	91,842
Repayment of borrowings		(64,071)	-
Net cash used in financing activities		<u>(14,071)</u>	<u>91,842</u>
Net increase/(decrease) in cash and cash equivalents		12,123	(35,893)
Cash and cash equivalents at 1 June		<u>(2,997)</u>	<u>32,896</u>
Cash and cash equivalents at 31 May	7	<u>9,126</u>	<u>(2,997)</u>

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

Notes to the financial statements for the year ended 31 May 2017

1. Reporting entity

Bellambi Bowling Recreation & Sports Club Limited (“the Company”) is incorporated and domiciled in Australia as a company limited by guarantee. The address of the Company’s registered office is 56 Rothery Street, Bellambi NSW 2518. The financial statements of the Company are as at and for the year ended 31 May 2017.

The Company is primarily involved in the conduct and promotion of a licensed bowling club for members of the Company.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and interpretations issued by the Australian Accounting Standards Board (“AASB”), the *Corporations Act 2001*, the Registered Clubs Amendment Act 2006 and the Gaming Machines Tax Act 2001. These financial statements do not comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 2017.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company’s functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, are included in the notes to the financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, which addresses changes in accounting policies.

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

Notes to the financial statements for the year ended 31 May 2017

3. Significant accounting policies (continued)

(a) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if the component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives in the current and comparative periods are as follows:

	<u>2017</u>	<u>2016</u>
• Poker machines	4 years	4 years
• Plant and equipment	3-6 years	3 – 6 years
• Buildings	40 years	40 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

Notes to the financial statements for the year ended 31 May 2017

3. Significant accounting policies (continued)

(c) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The provision for employee benefits relating to long service leave represents the present value of estimated future cash outflows to be made resulting from employees' services provided to reporting date

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with expected timing of cash flows. The unwinding of discount is treated as long service leave expense.

Superannuation plan

The company contributes to defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

(d) Revenue recognition

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority.

Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenue.

Sale of goods

Revenue from the sale of goods comprises revenue earned from the provisions of food, beverage, and other goods sold and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of goods.

Rendering of services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised when the services are provided.

Interest revenue

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

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

Notes to the financial statements for the year ended 31 May 2017

3. Significant accounting policies (continued)

(d) Revenue recognition (continued)

Sale of property, plant and equipment

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as revenue at the date control of asset passes to the buyer.

Members' subscription

Subscriptions paid in advance are allocated between current and non-current liabilities based upon the membership category for which subscriptions have been received.

(e) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to the taxation authority, is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the taxation authority are classified as operating cash flows.

(f) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual reporting periods beginning after 1 June 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company, except for AASB 9 Financial Instruments, which becomes mandatory for the company's 2018 financial statements and could change the classification and measurement of financial assets. The company does not plan to adopt these standards early and the extent of the impact has not been determined.

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording 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 the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

Notes to the financial statements for the year ended 31 May 2017

3. Significant accounting policies (continued)

(h) Financial instruments

The company classifies its financial assets in the following category:

- Loans and receivables

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables

Trade receivable, loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable.

They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are included in receivables in statement of financial position.

(i) Impairment of asset

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

	2017	2016
	\$	\$
4. Revenue		
Revenue from beverages	941,031	850,397
Revenue from gaming	979,674	899,500
Subscriptions and joining fees	12,070	20,119
Commissions	80,703	70,723
Bowling revenue	24,830	30,313
Other	197,354	160,552
	<u>2,235,662</u>	<u>2,031,604</u>
5. Personnel expenses		
Wages and salaries	<u>591,024</u>	<u>579,098</u>

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

**Notes to the financial statements
for the year ended 31 May 2017**

	2017	2016
	\$	\$
6. Net financing costs		
Interest income	-	-
Financial income	-	-
Interest expense	-	-
Financial expenses	-	-
Net financing costs	-	-
7. Cash and cash equivalents		
Cash on hand	35,176	37,220
Cash at bank	810	(784)
Bank overdraft	(26,860)	(39,433)
	<u>9,126</u>	<u>(2,997)</u>
8. Other assets		
TAB Bond	5,000	5,000
Prepayments	60,005	46,362
	<u>65,005</u>	<u>51,362</u>
9. Inventories		
Stock on hand, at cost	<u>22,443</u>	<u>21,623</u>
10. Property, plant & equipment		
Land & buildings	2,623,830	2,542,474
Accumulated depreciation & impairment	(186,853)	(165,009)
	<u>2,436,977</u>	<u>2,377,465</u>
Plant & equipment	1,282,265	1,218,320
Accumulated depreciation & impairment	(1,105,583)	(1,038,510)
	<u>176,682</u>	<u>179,810</u>
Poker machines	958,966	908,966
Accumulated depreciation & impairment	(769,198)	(704,996)
	<u>189,768</u>	<u>203,970</u>
Total property, plant & equipment – net written down value	<u>2,803,427</u>	<u>2,761,245</u>

Valuation

The independent valuation of the company's land and buildings was carried out on 26 August 2016 on the basis of open market value for existing use resulted in a valuation of buildings and land at \$2,950,000.

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

**Notes to the financial statements
for the year ended 31 May 2017**

	2017	2016
	\$	\$
10. Property, plant & equipment (continued)		
Reconciliations		
Movements in carrying amounts		
Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
Land and building		
Carrying amount at beginning of year	2,377,465	2,331,976
Additions	81,356	61,365
Depreciation expense	(21,844)	(15,876)
	<u>2,436,977</u>	<u>2,377,465</u>
Carrying amount at end of year	<u>2,436,977</u>	<u>2,377,465</u>
Plant and equipment		
Carrying amount at beginning of year	179,810	189,884
Additions	63,945	72,751
Depreciation expense	(67,073)	(82,825)
	<u>176,682</u>	<u>179,810</u>
Carrying amount at end of year	<u>176,682</u>	<u>179,810</u>
Poker machines		
Carrying amount at beginning of year	203,970	126,513
Additions	50,000	141,501
Depreciation expense	(64,202)	(64,044)
	<u>189,768</u>	<u>203,970</u>
Carrying amount at end of year	<u>189,768</u>	<u>203,970</u>
The core property of the company is situated at 56 Rothery Street, Bellambi NSW 2518.		
11. Current		
Trade payables	177,263	140,653
Accrued expense	85,391	117,422
	<u>262,654</u>	<u>258,075</u>
12. Loans and borrowings		
Current		
Lease liability	49,570	44,241
	<u>49,570</u>	<u>44,241</u>
Non-current		
Lease liability	28,325	47,725
	<u>28,325</u>	<u>47,725</u>

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

Notes to the financial statements for the year ended 31 May 2017

	2017	2016
	\$	\$
13. Employee benefits		
Current		
Liabilities for annual leave	25,272	21,848
Liabilities for long service leave	43,611	41,861
	<u>68,883</u>	<u>63,709</u>
Non-current		
Liability for long service leave	4,104	2,102
	<u>4,104</u>	<u>2,102</u>

Superannuation plans

Contributions

The company is under legal obligation to contribute 9.5% of each employee's base salary to a superannuation fund.

14. Members funds		
Balance at 1 June	2,452,639	2,518,983
Revaluation decrement	-	-
Total recognised income and expense	71,084	(66,344)
Balance at 31 May	<u>2,523,723</u>	<u>2,452,639</u>

15. Correction of error

During the year ended 31 May 2015, the company recognised an additional amount of long service leave amounting to \$26,266. As a result, the provision of long service leave and opening member funds were adjusted by the same amount.

16. Key management personnel

a) Directors

The following persons were non-executive directors of the company during the year

Selwyn Mumford	Craig Kershaw
Barry Amos	Michael Traynor
Keith Elliott	Garry Tatton
Beverley Emmett	

b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

Name	Position
Garry Weston	Chief Executive Officer

Bellambi Bowling Recreation & Sports Club Limited

ABN: 82 001 068 917

Notes to the financial statements for the year ended 31 May 2017

	2017	2016
	\$	\$
16. Key management personnel (continued)		
<i>c) Key management personnel compensation</i>		
Benefits and payments made to the Directors and other key management personnel named in (a) and (b) above:	<u>142,416</u>	<u>128,977</u>
17. Related parties		
<i>Directors' transactions with the company</i>		
From time to time, directors of the company, or their director related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees and customers and are trivial or domestic in nature.		
Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year, as there were no material contracts involving directors' interest existing at year end.		
18. Company details		
The company is incorporated and domiciled in Australia as a company limited by guarantee.		
At 31 May 2017 there were 1,122 members (2016: 2,638 members).		
The registered office of the company is 56 Rothery Street, Bellambi NSW 2518.		
In accordance with the constitution of the company, every member of the company undertakes to contribute an amount limited to \$1 per member in the event of the winding up of the company during the time that s/he is a member or within one year thereafter, the total liability in the event of winding up is \$1,122 (2016: \$2,638).		
19. Commitments		
<i>Operating lease commitments</i>		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments:		
- Not later than 12 months	-	-
- Later than 12 months but not later than 5 years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
The company lease the telephone system equipment under a non-cancellable operating lease contracted for but not capitalised in the financial statements with a five year term.		
20. Subsequent events		
There have been no events subsequent to balance date which would have a material effect on the Company's financial statements at 31 May 2017.		

Independent auditors' report to the members of Bellambi Bowling Recreation & Sports Club Limited

Report on the financial report Opinion

We have audited the accompanying financial report of Bellambi Bowling Recreation & Sports Club Limited ("the Company"), which comprises the statement of financial position as at 31 May 2017, and the statement of comprehensive income, statement of changes in member's funds and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes set out on pages 5 to 17 and the directors' declaration set out on page 18.

Audit Opinion

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

- giving a true and fair view of the company's financial position as at 31 May 2017 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the Corporation Regulations 2001.

Basis of 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 audit. We are independent of the Company in accordance with the auditor requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 Code of 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*, 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.

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 Standard – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 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 Australia Accounting 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

As part of an audit in accordance with 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, misinterpretations, or the override of internal controls.
- 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 purposes of expressing an opinion on the effectiveness of the entity's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 entity'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 entity to cease or 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 representation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Arnold Stevens Finlay Assurance Services Pty Limited Chartered Accountants

S Balram
Director

2017.

Bellambi.

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