

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**FINANCIAL STATEMENTS - 30 JUNE 2011**

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**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

**DIRECTORS' REPORT**

Your directors present this report on the entity for the financial year ended 30 June 2011.

**Directors**

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

Raymond J Faulder (resigned 30/06/11)	Heather Woodbridge
William H Brodie	Ronald G Parker
John R Morris	Ronald Appleton
Julie C Kent	Trevor Bird

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

**Principal Activities**

The principal activities of the Company are that of a Licensed Bowls and Sports Club.

The short term strategy for the company is to remain in a healthy financial position for members and the community to benefit from.

The long term strategic objectives of the company are to provide members first class bowling greens and sporting facilities

The primary strategies to achieve our objectives are through the entity's Board of Management and staff to maintain a healthy balance sheet by providing exceptional customer service and value for money. Maintaining a strong presence within the community and by nurturing existing sporting activities and by encouraging junior sport through various sub-clubs.

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

**INFORMATION ON DIRECTORS**

<b>NAME</b>	<b>OCCUPATION</b>	<b>QUALIFICATIONS AND EXPERIENCE</b>	<b>SPECIAL RESPONSIBILITY</b>
Ray Faulder	Retired	Engineer	Finance/Entertainment Gaming Committee
William Brodie	Retired	Executive/Coles Myer Group 1990 Cert/Management Monash Uni	Finance/Disciplinary Committee
John Morris	Contract Mowing/Landscaping		Finance/Building Disciplinary Committee
Trevor Bird	Retired	Research Scientist CSIRO B.Sc. for (A.N.U.) 3yr post/grad Uni of Arizona	Sports liaison officer/marketing Building/Finance Committee
Ronald Appleton	Retired	Printer/Taxi Driver	OH&S Committee
Heather Woodbridge	Retired	Diploma of Education Kawana International Moter- Inn/Tour Director Woodbridge Tours	Gaming/Disciplinary Committee
Ronald Parker	Retired		Gaming Committee
Julie Kent	Retired	Myers Group	OH&S Committee

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

Meeting of Directors

During the financial year, ordinary meetings and special meetings of directors were held. Attendances by each directors were as follows:

**ORDINARY MEETINGS**

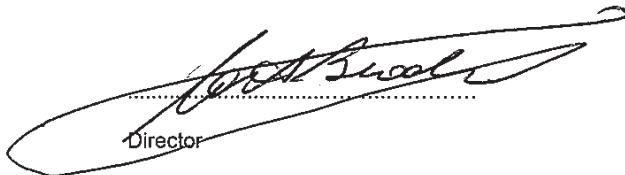
Name	Number Eligible to attend	Number attended
Ray Faulder	9	9
William Brodie	12	11
John Morris	12	11
Julie Kent	12	10
Heather Woodbridge	12	11
Ronald Parker	12	11
Trevor Bird	12	11
Ronald Appleton	12	12

The Club 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 \$20 each towards meeting any outstanding obligations of the entity. At 30 June 2011 the number of members was 2,534 (2010: 2,256 members).

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 5 of the financial report.

Signed at Pottsville  
this 30<sup>th</sup> day of September 2011  
In accordance with a resolution  
of the Board of Directors:

  
.....  
Director

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

**DIRECTORS' DECLARATION**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 27, are in accordance with the Corporations' Act 2001 and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2011 and of the 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

Dated this 30<sup>th</sup> day  
of September 2011 at  
Pottsville

  
.....  
Director

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C  
OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF  
POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LTD**

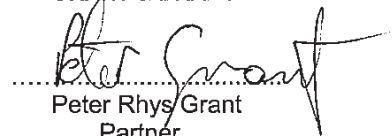
I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

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

28 September 2011

107-111 Main Street  
MURWILLUMBAH NSW 2484

**GRANT & BRADY**



Peter Rhys Grant  
Partner

and Registered Company Auditor

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

Report on the financial report

We have audited the accompanying financial report of Pottsville District Bowls and Sports Club Ltd, which comprises the statement of financial position as at 30 June 2011, and 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.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Pottsville District Bowls and Sports Club Ltd, would be in the same terms if provided to the directors as at the time of this auditor's report.

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (cont.)**

**Auditor's Opinion**

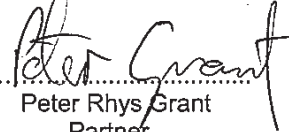
In our opinion, the financial report of Pottsville District Bowls and Sports Club Limited is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2011 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.

30<sup>th</sup> September 2011

107-111 Main Street  
MURWILLUMBAH NSW 2484

GRANT & BRADY



Peter Rhys Grant  
Partner

and Registered Company Auditor

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30 JUNE 2011**

		2011	2010
		-----	-----
Sales revenue		1,012,819	1,078,218
Cost of sales		(440,000)	(462,802)
		-----	-----
Gross Profit		572,819	615,416
		-----	-----
Poker Machines – Net Revenue		1,275,450	1,075,216
Other income		159,446	246,811
Employee benefits expense		(747,938)	(737,567)
Depreciation & amortisation expense		(178,447)	(149,905)
Borrowing costs		(96,050)	(96,983)
Other expenses		(847,695)	(788,856)
		-----	-----
Profit/(loss) before income tax	(Notes 2 & 3)	137,585	164,132
		-----	-----
Income tax expense/(benefit)	(Note 4)	-	-
		-----	-----
Profit/(Loss) for the year		\$137,585	\$164,132
		=====	=====
Other Comprehensive Income			
Loss on write down of plant & equipment		-	(172,759)
Income Tax relating to components of Other Comprehensive Income		-	-
		-----	-----
Other Comprehensive Income for the Year,		-	(172,759)
		-----	-----
Total Comprehensive Income/(Loss) for the Year		137,585	(8,627)
		=====	=====
Profit attributable to members of the company		137,585	164,132
		-----	-----
Total comprehensive income/(Loss) attributable to members of the company	Note 20	137,585	(8,627)
		=====	=====

The accompanying notes form part of these financial statements.

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011**

		2011	2010
		-----	-----
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	(Note 6 & 20)	184,869	193,023
Trade & other receivables	(Note 7)	285	-
Inventories	(Note 8)	37,543	37,561
Other current assets	(Note 9)	12,314	10,883
		-----	-----
<b>TOTAL CURRENT ASSETS</b>		<b>235,011</b>	<b>241,467</b>
		-----	-----
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	(Note 10)	3,356,094	3,355,812
Intangible Assets	(Note 11)	247,298	247,298
		-----	-----
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,603,392</b>	<b>3,603,110</b>
		-----	-----
<b>TOTAL ASSETS</b>		<b>3,838,403</b>	<b>3,844,577</b>
		-----	-----
<b>CURRENT LIABILITIES</b>			
Trade and other payables	(Note 12)	180,018	188,386
Financial liabilities	(Note 13)	161,554	144,507
Short-term provisions	(Note 14)	17,406	14,606
Other current liabilities	(Note 15)	3,701	2,062
		-----	-----
<b>TOTAL CURRENT LIABILITIES</b>		<b>362,679</b>	<b>349,561</b>
		-----	-----
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	(Note 13)	930,726	1,102,869
Long-term provisions	(Note 14)	23,153	7,887
		-----	-----
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>953,879</b>	<b>1,110,756</b>
		-----	-----
<b>TOTAL LIABILITIES</b>		<b>1,316,558</b>	<b>1,460,317</b>
		-----	-----
<b>NET ASSETS</b>		<b>\$2,521,845</b>	<b>\$2,384,260</b>
		=====	=====
<b>EQUITY</b>			
Retained earnings		1,693,545	1,555,960
Reserves	(Note 16 & 20)	828,300	828,300
		-----	-----
<b>TOTAL EQUITY</b>		<b>\$2,521,845</b>	<b>\$2,384,260</b>
		=====	=====

The accompanying notes form part of these financial statements.

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30 JUNE 2011**

		Retained Earnings	Revaluation Surplus	Total
Balance at 1 July 2009		1,564,587	828,300	2,392,887
		-----	-----	-----
Comprehensive Income				
Profit attributable to the company		164,132	-	164,132
Other comprehensive income for the year		(172,759)	-	(172,759)
		-----	-----	-----
Balance at 30 June 2010	Note 20	\$1,555,960	\$828,300	\$2,384,260
		=====	=====	=====
Profit attributable to the company		137,585	-	137,585
Other comprehensive income for the year		-	-	-
		-----	-----	-----
Balance at 30 June 2011		\$1,693,545	\$828,300	\$2,521,845
		=====	=====	=====

**Asset Revaluation Reserve:**

The asset revaluation reserve records revaluations of non-current assets.

The accompanying notes form part of these financial statements.

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	-----	-----
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	2,790,883	2,459,191
Payments to suppliers, employees and patrons	(2,369,497)	(1,996,506)
Finance Costs	(91,861)	(96,983)
	-----	-----
Net cash generated from operating activities	329,525	365,702
	-----	-----
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of plant & equipment	15,454	25,500
Purchase of property, plant and equipment	(145,155)	(507,299)
	-----	-----
Net cash flow used in investing activities	(129,701)	(481,799)
	-----	-----
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	498,308
Repayment of borrowings	(207,978)	(321,067)
	-----	-----
Net cash generated from financing activities	(207,978)	177,241
	-----	-----
Net increase (decrease) in cash held	(8,154)	61,144
Cash and cash equivalents at beginning of the financial year	193,023	131,879
	-----	-----
Cash and cash equivalents at the end of financial the year	\$184,869	\$193,023
	=====	=====

The accompanying notes form part of these financial statements.

# **POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

The financial statements cover Pottsville District Bowls and Sports Club Ltd as an individual entity, incorporated and domiciled in Australia. Pottsville District Bowls and Sports Club Ltd is a company limited by guarantee.

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Preparation**

Pottsville District Bowls and Sports Club Ltd has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

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 and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the 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 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.

#### **Accounting Policies**

##### **(a) Property, Plant & 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 shown at their cost or fair value based on periodic, but at least triennial, valuations by external independent valuers, plus additions at cost, less subsequent depreciation for buildings.

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

As the revalued buildings are depreciated, the difference between depreciation recognised in the statement of comprehensive income, which is based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost, is transferred from the revaluation surplus to retained earnings.

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

**Property (cont.)**

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 less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annual by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment 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.

**Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is available 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 asset are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5 - 10%
Plant and equipment	2.5 - 40%
Leased plant and equipment	15%
Poker machines	20%
Motor Vehicles	18.75%

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

Each asset class's carrying amount is written down immediately to its recoverable amount if the class'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 included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(b) Inventories**

Inventories comprise stock for resale and special day prizes and are measured at the lower of cost and net realisable value.

## POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED

ABN 65 001 888 151

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)

**(c) Provision for Employee Leave**

Provision is made for the liability for employee annual and long service, plus related on-costs, as at balance date. The provisions are calculated in accordance with the regulations of the Club Employees (State) Award and associated Acts. Australian Accounting Standard AASB 119 has not been applied in calculating the long service leave provision, as the financial statements are not affected materially by the difference in methods.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

**(d) Income Tax**

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

**(e) Leases**

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset but not legal ownership are transferred to the company, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Lease 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. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

**(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 recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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

## **POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

- (g) **Provisions**  
Provisions are recognised when there is 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.
- (h) **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.
- (i) **Revenue**  
Revenue from the sale of goods is recognised upon the delivery of goods to customers.  
  
Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.  
  
Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.  
  
All revenue is stated net of the amount of goods and services tax (GST).
- (j) **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). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.  
  
Cash flows are included in the statement of cash flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO. The GST component of investing and financing activities which is recoverable from, or payable to, the ATO is classified as a part of operating cash flows. Accordingly, investing and financial cash flows are presented in the statement of cash flows net of GST that is recoverable from, or payable to, the ATO.
- (k) **Comparative Figures**  
Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.  
  
Where an entity 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 must be disclosed.

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

**(I) Financial Instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised in profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

The effective interest method is used to allocate interest income of interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments of 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 the 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 or 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, or where they are derivatives not held for hedging purposes, or when they are 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 value being included in profit or loss.

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

**Financial Instruments (cont)**

(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 included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

(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 entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the company sold or reclassified more than an insignificant amount of held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(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 the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Such assets are subsequently measured at fair value.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

(i) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

**Financial Instruments (cont)**

**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, reference to similar instruments and option pricing models.

**Impairment**

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

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire 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 expired. The difference between the carrying value 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.

**(m) Trade and Other Payables**

Trade and 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.

**(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 Clubs real property at Pottsville is shown at a valuation done in 2006 plus costs since valuation. An independent valuation has been conducted on 20 March 2009 by Terry O'Rourke who is a certified practising valuer. The valuation at that date was \$3,000,0000.

The directors have not changed the carrying value of the property as a result of this valuation.

**(o) Special Interest Groups (SIG's)**

The net profit or loss from the operations of the Men's and Women's Bowls Clubs have been included in the profit for the year.

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

	2011	2010
	-----	-----
2. REVENUE		
Operating activities		
Sales Revenue		
- Catering & Beverages	1,012,819	1,078,218
Poker Machine Net Revenue	1,275,450	1,075,216
Other Revenue		
- Bingo	7,200	7,900
- Green fees	5,132	6,070
- Subscriptions	12,358	14,609
- Insurance recoveries	-	78,711
- Commissions - Keno	43,886	43,741
- Other	34,107	37,648
- Raffle income	25,515	27,522
- Sundry	36,169	42,089
	-----	-----
Total Operating Revenue	2,452,636	2,411,724
	-----	-----
Total revenue	\$2,452,636	\$2,411,724
	=====	=====

3. PROFIT FOR THE YEAR

Profit for the year before income tax has been determined after:

**Significant Revenue and Expenses:-**

Cleaning & waste removal	89,030	85,944
Electricity & gas	90,693	83,208
Entertaining expenses	52,940	55,655
Repair & maintenance	63,793	69,293

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

4. INCOME TAX EXPENSE

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

5. SECURED LOANS

At balance date the ANZ Bank held security by way of a registered first mortgage over the Club land and buildings. This secures a loan of \$1,039,398 (refer Note 13).

	2011	2010
	-----	-----
6. CASH ASSETS		
Cash at bank and on hand	179,869	188,023
Cash Deposit – TAB	5,000	5,000
	-----	-----
Total Cash Assets	Note 20 \$184,869	\$193,023
	=====	=====

7. TRADE AND OTHER RECEIVABLES

Trade Receivables	\$285	-
	=====	=====

(i) Provision for Impairment of Receivables

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. No provisions for impairment have been considered necessary.

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

8. INVENTORIES		
	2011	2010
	-----	-----
Finished goods – bar stock, food, prizes and sundry items	\$37,543	\$37,561
	=====	=====
9. OTHER CURRENT ASSETS		
Prepayments	12,314	6,694
Borrowing Costs	-	4,189
	-----	-----
Total other current assets	\$12,314	\$10,883
	=====	=====
10. PROPERTY, PLANT AND EQUIPMENT		
Land and buildings - at independent valuation 30/6/2006	2,959,141	2,959,141
Building additions since valuation – at cost	18,053	13,247
Less: accumulated depreciation	321,105	269,006
	-----	-----
Total land and buildings	2,656,089	2,703,382
	-----	-----
Plant and equipment- at cost	1,385,209	1,289,317
Less: accumulated depreciation	763,236	656,590
	-----	-----
Total plant and equipment at WDV.	621,973	632,727
	-----	-----
Motor vehicles – at cost	87,461	32,785
Less: accumulated depreciation	9,429	13,082
	-----	-----
Total Motor vehicles at WDV.	78,032	19,703
	-----	-----
Total property, plant and equipment	\$3,356,094	\$3,355,812
	=====	=====

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

(a) **Movements in Carrying Amounts**

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

	Land & Buildings	Plant and Equipment	Motor Vehicle
<b>2011</b>			
Carrying amount at beginning of year	2,703,382	632,727	19,703
Additions	4,790	105,786	87,461
Disposals - WDV	-	-	(19,308)
Depreciation expense	(52,083)	(116,540)	(9,824)
	-----	-----	-----
Carrying amount at end of year	2,656,089	621,973	78,032
	=====	=====	=====

An independent valuation of the land and buildings has been conducted on 20 March 2009 by Terry O'Rourke who is a certified practising valuer. The valuation at that date was \$3,000,0000.

The directors have not changed the carrying value of the property as a result of this valuation.

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

		2011	2010
		-----	-----
11.	INTANGIBLE ASSETS		
	Poker Machine Entitlements – at cost	247,298	247,298
		-----	-----
	Total Intangible Assets	\$247,298	\$247,298
		=====	=====
	Gaming Machine Entitlements		
	The Gaming Machine Act 2001 has created gaming entitlements for the Club that have a tradeable value. The Club has 47 gaming entitlements. The value of 37 of these entitlements had no cost and has not been brought into account.		
12.	TRADE AND OTHER PAYABLES		
	Current Liabilities		
	Trade creditors	60,026	50,190
	Employee entitlements – annual leave	54,113	57,225
	Accrued expenses	39,944	62,699
	GST Payable	25,935	18,272
		-----	-----
	Total Current Payables	\$180,018	\$188,386
		=====	=====
	a) Financial liabilities at amortised cost classified as trade and other payables		
	Trade and other payables		
	- Total current	180,018	188,386
	- Total non-current	-	-
		-----	-----
		180,018	188,386
	Less deferred income	-	-
	Less employee entitlements – annual and sick leave	54,113	57,225
		-----	-----
	Financial liabilities as trade and other payables	\$125,905	\$131,161
		=====	=====

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

	2011	2010
	-----	-----
13. BORROWINGS		
Current Liabilities		
Term payment facilities – unsecured	17,047	-
Short-term borrowings - Loan secured (Note 5)	144,507	144,507
Total Short-term borrowings	161,554	144,507
	=====	=====
Non-Current Liabilities		
Long-term borrowings		
- Term payment facilities - unsecured	35,835	-
- Loan secured (Note 5)	894,891	1,102,869
Total Long-term borrowings	930,726	1,102,869
Total Borrowings	\$1,092,280	\$1,247,376
	=====	=====
Total secured liabilities (Note 5)	\$1,039,398	\$1,247,376
	=====	=====
14. PROVISIONS		
	Long-term Employee Benefits	Total
Opening balance as at 1 July 2010	22,493	22,493
Additional provisions raised during the year	18,066	18,066
Amounts used	-	-
Balance at 30 June 2011	\$40,559	\$40,559
	=====	=====
Analysis of Total Provisions	2011	2010
	-----	-----
Current	17,406	14,606
Non-Current	23,153	7,887
	-----	-----
	\$40,559	\$22,493
	=====	=====
Provision for Long-term Employee Benefits		
A provision has been recognised for employee entitlements relating to long service leave. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.		
15. OTHER CURRENT LIABILITIES		
Subscription received in advance	3,701	2,062
	-----	-----
	\$3,701	\$2,062
	=====	=====

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

	2011	2010
	-----	-----
16. RESERVES		
Revaluation Surplus		
Opening balance	828,300	828,300
Revaluation increases/(decreases)	-	-
	-----	-----
Closing Balance	\$828,300	\$828,300
	=====	=====
The revaluation surplus records the revaluations of non-current assets.		
TOTAL RESERVES	Note 20	
	=====	=====
	\$828,300	\$828,300
	=====	=====

17. KEY MANAGEMENT PERSONNEL

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

Key management personnel compensation	\$124,778	\$106,722
	=====	=====

18. RELATED PARTY TRANSACTIONS

All transactions made by the directors with the Club are under the same terms and conditions applying to members and other patrons generally.

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

19. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2011 -----	2010 -----
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	6	184,869	193,023
Trade and other Receivables	7	285	-
		-----	-----
		185,154	193,023
		=====	=====
<b>FINANCIAL LIABILITIES</b>			
Trade and other payables	12	125,905	131,161
Borrowings	13	1,092,280	1,247,376
		-----	-----
		1,218,185	1,378,537
		=====	=====

**Net Fair Values**

- (i) For listed available-for-sale financial assets and financial assets at fair value through profit or loss, the fair values have been based on closing quoted bid prices at the end of the reporting period. In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).
- (ii) Fair values of held-to-maturity investments are based on quoted market prices at the end of the reporting period.
- (iii) The fair values of finance leases are determined using a discounted cash flow model incorporating current commercial borrowing rates.

20. CORRECTION OF MATERIAL PRIOR PERIOD ERRORS

The comparatives for the 2011 financial report have been adjusted in accordance with Australian Accounting Standards for the following items:

a) Effect of introduction of Men's and Women's Bowls Sub Clubs

Comprehensive Income/(Loss) for the year per 2010 Financial Statements	2,852
Adjustments to Comparative Balances	
i) Other income	
- Men's Bowls Club net loss	(11,367)
- Women's Bowls Club net loss	(112)
Net Impact of Sub Clubs on Other income	(11,479)
	-----
Closing Balance Comprehensive Income/(Loss) for the year at 30 June 2010 (restated)	(8,627)
	=====
Retained earnings per 2010 Financial Statements	1,502,791
Adjustments to Comparative Balances	
ii) Cash and cash equivalents	
- Men's Bowls Club	23,937
- Women's Bowls Club	29,232
Net Impact of Sub Clubs on Cash and cash equivalents	53,169
	-----
Closing Balance Retained earnings at 30 June 2010 (restated)	1,555,960
	=====

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

**ABN 65 001 888 151**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011 (CONT'D)**

i) Other Income

In prior reporting periods the Club has not included the profit/(loss) incurred by its associated sub clubs, being the Men's and Women's Bowls Clubs.

ii) Cash and cash equivalents

In prior reporting periods the Club has not included the bank accounts of its associated sub clubs, being the Men's and Women's Bowls Clubs.

b) Reversal of Revaluation of Poker Machine Entitlements

Reserves per 2010 Financial Statements	1,286,002
Adjustments to Comparative Balances	
i) Intangible Assets	(457,702)
	-----
Closing Balance Reserves at 30 June 2010 (restated)	828,300
	=====

i) Intangible Assets

In the 2010 year the Club incorrectly revalued Poker Machine entitlements that had no cost to the Club. Under Australian Accounting Standard AASB 138 the Club is not entitled to initially recognise these entitlements at an amount other than cost.

21. SPECIAL INTEREST GROUPS (SIG's)

The results achieved by each Club is as follows:

	2011	2010
	-----	-----
Net profit/(loss)		
- Men's Bowls Club	708	(11,367)
- Women's Bowls Club	(5,629)	(112)
	-----	-----
Total profit/(loss) from SIG's	(4,921)	(11,479)
	=====	=====

22. COMPANY DETAILS

The Registered office and principal place of business of the company is :  
Pottsville District Bowls and Sports Club Ltd.  
Lot 479 Coast Road  
Pottsville NSW 2489

23. LIMITATION OF MEMBERS LIABILITY

The Club is a Company limited by guarantee and in accordance with the Memorandum of Association the liability of members in the event of the Club being wound up would not exceed \$20.00 per member. At 30 June 2011 the number of members was 2,534 (2010 – 2,256 members).

**POTTSVILLE DISTRICT BOWLS AND SPORTS CLUB LIMITED**

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**CORE AND NON-CORE PROPERTY**

Disclosure Requirements under Section 41J of the Registered Clubs Act.

**Core and Non-Core Property**

The Directors consider the Club's defined premises and all of its sporting facilities to be Core Property.

Section 41J of the Act defines core property as meaning any real property owned or occupied by the Club that comprises:

1. the defined premises of the club, or
2. any facility provided by the club for the use of its members and their guests, or
3. any other property declared, by resolution passed by a majority of the members present at a general meeting of the ordinary members of the club, to be core property of the club.

Non-core property is defined as meaning any real property owned or occupied by the Club that is not core property.