

**COONABARABRAN BOWLING CLUB
CO-OPERATIVE LIMITED
ABN 64 383 657 304**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 2014**

COONABARABRAN BOWLING CLUB
CO-OPERATIVE LIMITED
ABN 64 383 657 304

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**COONABARABRAN BOWLING CLUB
CO-OPERATIVE LIMITED
ABN 64 383 657 304**

DIRECTORS' REPORT

Your directors present their report on the Co-operative for the financial year ended 31 May 2014.

Directors

The names of the directors in office at any time during and to the date of this report are:

Des White
Olive Berney
Norm Buchanan
Gordon McAlpine
Mark Mylecharane
Peter Sweeney

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

Review of Operations

The Co-operative recorded a surplus of \$24,112 for the year compared to a loss of \$2,444 in the prior year.

Revenue has decreased by \$251,789 (12.2%) to \$1,804,009 from the prior year. Significant movements include; bar sales decreased by \$95,369 (14.9%) to 545,993, bistro sales decreased by \$111,603 (25.3%) to \$328,826 and poker machine income decreased by \$15,765 (2.2%) to \$713,522.

Expenditure has decreased by \$278,345 (13.5%) to \$1,779,897. Significant movements include; cost of goods sold decreased by \$66,300 (15.7%) to \$355,295, employee expenses decreased by \$186,632 (21.6%) to \$676,530 and other expenses decreased by \$23,128 (3.6%) to \$624,761.

Significant Changes in the State of Affairs

No significant changes in the Co-operative's state of affairs occurred during the financial year.

Principal Activities

The principal activity of the Co-operative during the financial year was to trade as a licensed bowling club. There was no significant change in the nature of that activity during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Co-operative, the results of those operations, or the state of affairs of the Co-operative in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Co-operative and the expected results of these operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Co-operative.

**COONABARABRAN BOWLING CLUB
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**DIRECTORS' REPORT
(Continued)**

Environmental Regulation

The Co-operative's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or State.

Dividends

No dividend has been paid or recommended by the Co-operative since the end of the previous financial year.

Meetings of Directors

During the financial year, twelve (12) meetings of directors were held. Attendances by each director were as follows:

	Number eligible to attend	Number attended
Des White	12	12
Norm Buchanan	12	10
Olive Berney	12	12
Gordon McAlpine	12	8
Mark Mylecharane	12	12
Peter Sweeney	12	12

Directors' Qualifications

Des White Experience	- President - Board Member since 1991
Norm Buchanan Experience	- Senior Vice President - Board Member since 2009
Olive Berney Experience	- Junior Vice President - Board Member since 2009
Peter Sweeney Experience	- Treasurer - Board Member since 2002
Gordon McAlpine Experience	- Director - Board Member since 2012
Mark Mylecharane Experience	- Director - Board Member since 2012

Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Co-operative except for premiums paid to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Co-operative.

**COONABARABRAN BOWLING CLUB
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**DIRECTORS' REPORT
(Continued)**

Proceedings on Behalf of the Co-operative

No person has applied for leave of Court to bring proceedings on behalf or intervene in any proceedings to the Co-operative, is a party for the purpose of taking responsibility on behalf of the Co-operative for all or any part of those proceedings. The Co-operative was not a party to any such proceedings during the year.

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

DES WHITE
President

PETER SWEENEY
Treasurer

Dated at Coonabarabran this 31st day of July 2014.

**COONABARABRAN BOWLING CLUB
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DIRECTORS' DECLARATION

The directors of the Co-operative declare that:

1. The financial statements and notes, as set out on pages 5 to 26, are in accordance with the Co-operatives Act 1992:
 - a) comply with Accounting Standards and the Co-operation (Accounts and Audit) Regulation 2005; and
 - b) give a true and fair view of the financial position as at 31 May 2014, and the performance for the year ended on that date of the Co-operative.
2. In the directors' opinion there are reasonable grounds to believe that the Co-operative 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.

DES WHITE
President

PETER SWEENEY
Treasurer

Dated at Coonabarabran this 31st day of July 2014.

**COONABARABRAN BOWLING CLUB
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2014**

	Note	2014 \$	2013 \$
Revenues	2	1,804,009	2,055,798
Changes in inventories		(5,809)	5,717
Raw materials and consumables used		(349,486)	(427,312)
Employee expenses	3	(676,530)	(863,162)
Depreciation and amortisation expense	3	(101,325)	(105,732)
Finance costs	3	(21,986)	(19,866)
Other expenses		(624,761)	(647,887)
Surplus/(loss) before income tax		24,112	(2,444)
Income tax expense	1.1	-	-
Surplus/(loss) for the year		24,112	(2,444)
Other comprehensive income		-	-
Total comprehensive income for the year		\$24,112	\$(2,444)

The accompanying notes form part of these financial statements.

**COONABARABRAN BOWLING CLUB
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**STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2014**

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	115,527	67,752
Trade and other receivables	6	2,464	13,346
Inventories	7	32,379	38,188
Other current assets	8	5,849	12,997
		156,219	132,283
NON-CURRENT ASSETS			
Financial assets	9	40	40
Property, plant and equipment	10	753,607	827,432
		753,647	827,472
TOTAL ASSETS		909,866	959,755
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	152,748	170,682
Financial liabilities	12	39,889	51,136
Short term provisions	13	15,193	24,382
		207,830	246,200
NON-CURRENT LIABILITIES			
Financial liabilities	12	204,953	226,869
Long term provisions	13	18,602	32,317
		223,555	259,186
TOTAL LIABILITIES		431,385	505,386
NET ASSETS		\$478,481	\$454,369
EQUITY			
Retained earnings		478,481	454,369
TOTAL EQUITY		478,481	\$454,369

The accompanying notes form part of these financial statements.

**COONABARABRAN BOWLING CLUB
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2014**

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,988,253	2,263,766
Interest received		468	540
Payments to suppliers and employees		(1,858,297)	(2,184,723)
Finance costs		(21,986)	(19,866)
Net cash provided by operating activities	14.2	108,438	59,717
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of plant and equipment		-	4,000
Purchase of property, plant and equipment		(27,500)	(66,062)
Net cash used in investing activities		(27,500)	(62,062)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		50,000	30,415
Proceeds from finance lease commitments		-	31,752
Repayment of borrowings		(32,905)	(14,639)
Repayment of finance lease commitments		(18,152)	(31,121)
Net cash provided by / (used in) financing activities		(1,057)	16,407
Net increase/(decrease) in cash held		79,881	14,062
Cash at the beginning of the financial year		35,646	21,584
Cash at the end of the financial year	14.1	115,527	\$35,646

The accompanying notes form part of these financial statements.

COONABARABRAN BOWLING CLUB
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2014

	Retained earnings \$	Total \$
Balance at 31 May 2012	456,813	456,813
Loss for the year	(2,444)	(2,444)
Total comprehensive income for the year	-	-
Balance at 31 May 2013	<hr/> 454,369	<hr/> 454,369
Surplus for the year	24,112	24,112
Total comprehensive income for the year	-	-
Balance at 31 May 2014	<hr/> \$478,481	<hr/> \$478,481

The accompanying notes form part of these financial statements.

**COONABARABRAN BOWLING CLUB
CO-OPERATIVE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Co-operatives Act 1992 and the Co-operation (Accounts and Audit) Regulation 2005.

The financial statements cover the financial entity Coonabarabran Bowling Club Co-Operative Limited which is a co-operative incorporated and domiciled in Australia.

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

Basis of Preparation

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. The amounts presented in the financial statements have been rounded to the nearest dollar.

1.1. Income tax

The Co-operative is exempt from Income Tax under Section 50.45 of the Income Tax Assessment Act 1997.

1.2. Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity of three months or less. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

1.3. Inventories

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

1.4. Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amount.

An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off when identified.

1.5. Property, plant and equipment

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

The carrying amount of property, plant and equipment is reviewed annually 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.5. Property, plant and equipment (Continued)

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 co-operative 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 building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the co-operative commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rate
Poker machines	10%
Leased poker machines	10%
Green improvements	5%-20%
Plant and equipment	5%-27%
Leased plant and equipment	10%
Buildings	2.5%-7%

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 disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

1.6. Impairment of assets

At each reporting date, the co-operative 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 the future economic benefits of the asset are not primarily dependent upon the assets ability to generate net cash inflows and when the co-operative would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset. Where it is not possible to estimate the recoverable amount of an assets class, the co-operative estimates the recoverable amount of the cash generating unit to which the class of assets belong.

1.7. 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 co-operative.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.7. Critical accounting estimates and judgments (Continued)

Key estimates – Impairment

The co-operative assesses impairment at each reporting date by evaluating conditions specific to the co-operative that may lead to impairment of assets. When an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

1.8. Employee benefits

Provision is made for the co-operative's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

1.9. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the co-operative 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.

1.10. Revenue

Revenue from the sale of goods or rendering of services is recognised upon the delivery of the goods or services to members and guests.

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

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

1.11. Goods and Services Tax (GST)

Revenues, 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 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 the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.12. Comparative amounts

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

1.13. 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 co-operative, 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 the shorter of their estimated useful lives or the lease term.

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

1.14. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the co-operative becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the co-operative 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 transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. 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 and any reduction in impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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 income or expense item in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.14. Financial Instruments (Continued)

Classification and subsequent measurement (Continued)

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.

(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 when they are designated 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 strategy. Such assets are subsequently measured at fair value with changes in value being included in profit or loss.

(ii) Loans and receivables

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

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

(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 whether there is neither a fixed maturity nor fixed or determinable payments. They are subsequently measured at fair value with changes in such value recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the co-operative 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 immediately recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

**COONABARABRAN BOWLING CLUB
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.14. Financial Instruments (Continued)

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the co-operative no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or expire. The difference between the carrying value of the financial liability 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.

	2014	2013
	\$	\$
2. REVENUE FROM OPERATIONS		
Sales Revenue		
Bar sales	545,993	641,362
Bistro sales	328,826	440,429
	874,819	1,081,791
 Other Revenue		
Poker machines	713,522	729,287
ATM commission	8,835	2,958
Bowls	16,804	15,392
Bingo	23,409	30,936
Coffee machine sales	3,837	5,287
Commission	2,241	870
Gain on sale of assets	-	3,784
Green fees	2,079	2,602
Insurance recoveries	1,554	-
Interest received	468	540
Keno income	51,218	59,948
Market night	30,376	34,995
Member subscriptions	15,270	16,587
Other	17,502	6,190
Poker machine subsidy	17,180	17,180
Poker tournament income	-	13,355
TAB income	24,895	26,841
Wage subsidy	-	7,255
	929,190	974,007
 Total Revenue	 \$1,804,009	 \$2,055,798

**COONABARABRAN BOWLING CLUB
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)**

	2014 \$	2013 \$
3. EXPENDITURE FROM OPERATIONS		
Expenses		
Cost of sales	<u>\$355,295</u>	<u>\$421,595</u>
Employee expenses		
Salary and wages	597,138	755,937
Superannuation	53,430	68,839
Employee leave entitlements	(1,131)	4,459
Workers' compensation insurance	22,060	21,710
Payroll tax	1,857	8,819
Staff amenities	778	1,010
Training	309	126
Uniforms	2,089	2,262
	<u>\$676,530</u>	<u>\$863,162</u>
Depreciation and amortisation of non-current assets		
Buildings	20,611	20,611
Plant and equipment	39,006	41,883
Poker machines	41,345	42,116
Green improvements	363	1,122
	<u>\$101,325</u>	<u>\$105,732</u>
Borrowing costs	<u>\$21,986</u>	<u>\$19,866</u>
Property, plant and equipment		
Proceeds on disposal	-	4,000
Disposals at cost	-	(216)
	<u>\$-</u>	<u>\$3,784</u>
4. AUDITOR'S REMUNERATION		
Remuneration of the auditor of the Cooperative:		
- Auditing services	17,770	17,650
- Other review services	8,250	-
	<u>\$26,020</u>	<u>\$17,650</u>

**COONABARABRAN BOWLING CLUB
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)**

	2014 \$	2013 \$
5. CASH AND CASH EQUIVALENTS		
Orana Mutual – cheque account	29,134	10,011
Orana Mutual - savings account	12,578	-
TAB account	13,662	5,144
Keno account	16,393	7,312
Cash on hand	43,760	45,285
	\$115,527	\$67,752
6. TRADE AND OTHER RECEIVABLES		
Trade receivables	2,464	10,920
Other receivables	-	2,426
	\$2,464	\$13,346

6.1 Provision for impairment of receivable

Current trade receivables are generally on 30 day terms. These receivables are assessed for their recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. There were \$Nil (2013 - \$Nil) impaired receivables at the end of the reporting period.

6.2 Credit risk

The co-operative does not have any material credit risk exposure to any single receivable or group of receivables.

	Gross amount \$	Past due and Impaired \$	Past due but not impaired (days overdue)			Within initial trade terms \$
			31-60 \$	61-90 \$	>90 \$	
2014						
Trade receivables	2,464	-	-	-	-	2,464
Other receivables	-	-	-	-	-	-
Total	2,464	-	-	-	-	2,464
2013						
Trade receivables	10,920	-	-	-	-	10,920
Other receivables	2,426	-	-	-	-	2,426
Total	13,346	-	-	-	-	13,346

The above table details the co-operative's trade and other receivable exposure to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as past due when the debt has not been settled within the terms and conditions agreed between the co-operative and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the co-operative. The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

**COONABARABRAN BOWLING CLUB
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)**

	2014 \$	2013 \$
7. INVENTORIES		
Bar stock	17,246	24,722
Bistro stock	15,133	13,466
	\$32,379	\$38,188
8. OTHER CURRENT ASSETS		
Prepayments	849	7,997
TAB security deposit	5,000	5,000
	\$5,849	\$12,997
9. INVESTMENTS		
Shares – at cost	\$40	\$40
10. PROPERTY, PLANT AND EQUIPMENT		
Freehold land - at cost	18,850	18,850
Buildings - at cost	747,426	747,426
Less: accumulated depreciation	(456,467)	(435,856)
	290,959	311,570
Bowling green improvements - at cost	62,419	62,419
Less: accumulated depreciation	(62,121)	(61,758)
	298	661
Plant and equipment - at cost	525,087	508,287
Less: accumulated depreciation	(329,990)	(290,984)
	195,097	217,303
Poker machines - at cost	459,439	497,600
Less: accumulated depreciation	(211,036)	(218,552)
	248,403	279,048
Total Property, Plant and Equipment	\$753,607	\$827,432

**COONABARABRAN BOWLING CLUB
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)**

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Buildings	Bowling Greens	Poker Machines	Plant & Equipment	Land	Total
Balance at 31 May 2012	332,181	1,783	262,584	251,920	18,850	867,318
Additions	-	-	58,660	7,402	-	66,062
Disposals	-	-	(80)	(136)	-	(216)
Depreciation	(20,611)	(1,122)	(42,116)	(41,883)	-	(105,732)
Balance at 31 May 2013	311,570	661	279,048	217,303	18,850	827,432
Additions	-	-	10,700	16,800	-	27,500
Disposals	-	-	-	-	-	-
Depreciation	(20,611)	(363)	(41,345)	(39,006)	-	(101,325)
Balance at 31 May 2014	\$290,959	\$298	\$248,403	\$195,097	\$18,850	\$753,607

The co-operative's land and buildings were valued during the 2008 year. The valuation was made on the basis for mortgage security purposes. The valuation of land and buildings was \$1,400,000. The directors have decided to continue recording land and buildings on a cost basis and accordingly no revaluation has been recorded.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)

	2014 \$	2013 \$
11. TRADE AND OTHER PAYABLES		
Current		
Trade payables	105,659	118,721
Accrued expenses	39,656	39,994
Subscriptions received in advance	8,658	9,785
GST liability	(1,225)	2,182
	\$152,748	\$170,682
All payables are expected to be paid within the terms of trade.		
12. FINANCIAL LIABILITIES		
Current		
Bank overdraft	-	32,106
Bank loan	28,795	-
Lease liabilities	11,094	19,030
	\$39,889	\$51,136
Non-Current		
Bank loan secured	204,071	215,776
Lease liabilities	882	11,093
	\$204,953	\$226,869
a. Total current and non-current secured liabilities		
Loan secured – Community Mutual Ltd	\$232,866	\$215,776
b. Total carrying amount of non-current assets pledged as security are:		
First Mortgage		
Freehold land (including greens) and buildings	310,107	\$331,081
13. PROVISIONS		
Current		
Annual leave	\$15,193	\$24,382
Non-current		
Annual leave	1,623	7
Long service leave	16,979	32,310
	\$18,602	\$32,317

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)

13. PROVISIONS (Continued)

Provision for Employee Benefits

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to these statements.

2014
\$

2013
\$

14. NOTES TO THE CASH FLOW STATEMENT

14.1 Reconciliation of cash and cash equivalents

Cash at the end of the financial year as shown in the statement of cash flows equates to:

Cash and cash equivalents	115,527	67,752
Less bank overdraft	-	(32,106)
	\$115,527	\$35,646

14.2 Reconciliation of cash flow from operations with operating result

Surplus/Loss from operations	24,112	(2,444)
<i>Non-cash flows in profit from ordinary activities:</i>		
Depreciation	101,325	105,732
Net (gain)/loss on disposal of assets	-	(3,784)
<i>Changes in assets and liabilities</i>		
(Decrease)/increase in provisions	(22,904)	(21,231)
(Decrease)/increase in payables	(17,934)	(13,419)
Decrease/(increase) in inventories	5,809	(5,717)
Decrease/(increase) in receivables	10,882	1,457
Decrease/(increase) in other current assets	7,148	(877)
	\$108,438	\$59,717

14.3 Credit standby arrangements and loan facilities

Overdraft facilities	100,000	100,000
Amount utilised	-	(32,106)
	\$100,000	\$67,894
Interest only loan facility	200,000	200,000
Amount utilised	(200,000)	(200,000)
	\$-	\$-

**COONABARABRAN BOWLING CLUB
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)**

	2014 \$	2013 \$
14. NOTES TO THE CASH FLOW STATEMENT (Continued)		
14.3 Credit standby arrangements and loan facilities (Continued)		
Credit card	10,000	30,000
Amount utilised	-	-
	\$10,000	\$30,000
Available	\$10,000	\$30,000

The bank overdraft facility is arranged with Community Mutual Ltd with the general terms and conditions being agreed and set annually. Interest rates are variable and subject to adjustment. The facility is due for renewal on an annual basis.

The interest only loan facility is arranged with Community Mutual Ltd and has a current interest rate of 7.3% pa.

15. KEY MANAGEMENT PERSONNEL

The co-operative reviews the remuneration packages of all key management personnel on an annual basis.

Total remuneration received by or due to key management personnel in exchange for services rendered to the club.

	Salary and fees \$	Superannuation \$	Total \$
2014			
Total compensation	110,594	10,229	120,823
2013			
Total compensation	85,060	7,584	92,644
		2014 \$	2013 \$

16. CAPITAL AND LEASING COMMITMENTS

16.1 Finance lease commitments payable

Payable – minimum lease payments		
Not later than 12 months	12,348	22,050
Later than 12 months but not later than 5 years	882	12,348
	13,230	34,398
Minimum lease payments	13,230	34,398
Less: future finance charges	(1,254)	(4,275)
	\$11,976	\$30,123
Total lease liability		

The finance leases on poker machines commenced between 2011 and 2012 and have lease periods of three years.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)**

	2014 \$	2013 \$
16. CAPITAL AND LEASING COMMITMENTS (Continued)		
16.2 Operating lease commitments		
Operating lease commitments contracted for:		
Payable not later than 1 year	33,268	33,268
Later than 12 months but not later than 5 years	53,122	86,390
	\$86,390	\$119,658

Operating leases on plant and equipment items commenced between 2011 and 2012 and have lease periods of between four and five years. The leases are for the hire and maintenance of equipment. Lease commitments may vary depending upon the volume of goods leased or the level of maintenance required.

17. 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.

18. FINANCIAL INSTRUMENTS

18.1. Financial Risk Management

The co-operative's financial instruments consist mainly of deposits with banks, short and long term borrowings and accounts receivable and payable. The main risks the co-operative is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Credit risk

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount, net of provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The co-operative does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the co-operative.

Credit risk is managed by the co-operative and reviewed regularly by the directors. It arises from exposure to customers as well as through deposits with financial institutions.

Liquidity risk

The co-operative manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)

18. FINANCIAL INSTRUMENTS (Continued)

18.2. Interest Rate Risk

The co-operative's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Floating interest rate		Fixed interest rate maturing in:				Non-interest bearing		Total carrying amount as per the statement of comprehensive income		Weighted average effective interest rate	
	2014	2013	1 year or less		1-5 years		2014	2013	2014	2013	2014	2013
Financial Instrument	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
(i) Financial assets												
Cash at bank	71,767	22,467	-	-	-	-	-	-	71,767	22,467	0.03	0.03
Cash on hand	-	-	-	-	-	-	43,760	45,285	43,760	45,285	-	-
Trade and other receivables	-	-	-	-	-	-	2,464	13,346	2,464	13,346	-	-
Total financial assets	71,767	22,467	-	-	-	-	46,224	58,631	117,991	81,098		
(ii) Financial liabilities												
Bank overdraft	-	32,106	-	-	-	-	-	-	-	32,106	-	10.5
Trade and other payables	-	-	-	-	-	-	152,748	170,682	152,748	170,682	-	-
Lease liability	-	-	11,094	19,030	882	11,093	-	-	11,976	30,123	9.8	9.8
Bank loan	232,866	215,776	-	-	-	-	-	-	232,866	215,776	7.3	7.6
Total financial liabilities	232,866	247,882	11,094	19,030	882	11,093	152,748	170,682	397,590	448,687		

**COONABARABRAN BOWLING CLUB
CO-OPERATIVE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)**

18. FINANCIAL INSTRUMENTS (Continued)

18.3 Net fair values

The net fair values of financial assets and liabilities approximates the carrying value. No financial assets or financial liabilities are readily traded on organised markets.

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.

18.4 Sensitivity Analysis

The co-operative has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

At 31 May 2014, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2014 \$	2013 \$
Change in profit/loss		
Increase in interest rate by 1%	(1,698)	(2,555)
Decrease in interest rate by 1%	1,698	2,555
Change in equity		
Increase in interest rate by 1%	(1,698)	(2,555)
Decrease in interest rate by 1%	1,698	2,555

The sensitivity analysis has been performed on the assumption that all other variables will remain unchanged.

19. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the co-operative. The co-operative has decided not to early adopt any of the new and amended pronouncements. A discussion of those future requirements and their impact on the co-operative is as follows:

- AASB 9: *Financial Instruments* (December 2010) and AASB 2010-7: *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements relevant to the co-operative include:

- Simplifying the classifications of financial assets into those carried at amortised cost and those at fair value;
- Removing the tainting rules associated with held-to-maturity assets;

These Standards are mandatorily applicable for annual reporting periods commencing on or after 1 January 2015.

The change in Standard is not expected to impact on the co-operative.

**COONABARABRAN BOWLING CLUB
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
(Continued)**

20. EVENTS SUBSEQUENT TO THE END OF THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Co-operative, the results of those operations, or the state of affairs of the Co-operative in future financial years.

21. SEGMENT REPORTING

The co-operative operates predominantly in one business and geographical segment being the operation of a licensed club in Australia.

22. CO-OPERATIVE DETAILS

The registered office and principal place of business of the co-operative is;

Coonabarabran Bowling Club Co-Operative Limited
Edwards Street
COONABARABRAN NSW 2357

End of the Audited Financial Statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COONABARABRAN BOWLING CLUB CO-OPERATIVE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Coonabarabran Bowling Club Co-operative Limited, which comprises the statement of financial position as at 31 May 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Statements

The directors of the Co-operative are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Co-operatives Act 1992 and Co-operation (Accounts and Audit) Regulation 2005. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Audit Responsibility

Our responsibility is to express an opinion on the financial statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Co-operative's preparation and fair presentation of the financial statements 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 Co-operative'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 statements.

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 Australian professional ethical pronouncements.



Chartered Accountants



Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
COONABARABRAN BOWLING CLUB CO-OPERATIVE LIMITED
(Continued)**

Audit Opinion

In our opinion,

1.
 - a) The financial statements of Coonabarabran Bowling Club Co-Operative Limited are properly drawn up so as to give a true and fair view of the state of affairs of the Co-operative as at 31 May 2014, and of the statement of financial position and cash flows for the year then ended.
 - b) The financial statements have been prepared in accordance with the Co-operative's Act 1992, Co-operation (Accounts and Audit) Regulation 2005 and with applicable approved accounting standards and other mandatory professional reporting requirements.
2. We have obtained all the information and explanations as required.
3. The Co-operative has kept proper accounting records and other records as required by the Co-operatives Act 1992 and the Co-operation (Accounts and Audit) Regulation 2005.

LUKA GROUP

2 River Street
Dubbo
Dated: 31 July 2014

**JM SHANKS
PARTNER**



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