

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

FINANCIAL REPORT
FOR THE YEAR ENDED 31 MAY 2009

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The financial report was authorised for issue by the directors on 14 July 2009. The Co-Operative has the power to amend and re-issue the financial report.

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

DIRECTORS' REPORT

Your Directors present their report for the financial year ended 31 May 2009.

1. The names of the Directors in office at the date of this report are:

Name	Occupation/ Qualifications	No. of years service as a Director of the Co-Operative
John Jordan	Retired	7
Michael Beck	Retired	5
Clem Pascoe	Retired	18
Jean Moir	Retired	13
Charles Eason	Director	4
Ian Hanton	Retired	1
Gary Young	Retired	1

* Refer to page 4 for details of Directors' meeting attendances.

2. Activities

The principal activities of the Co-Operative during the financial period were:

The running of the Club in accordance with its objectives, principally being the promotion of the game of bowls, for the benefit of its members.

3. Results

The net result of operations was a loss of \$3,434 (2008 profit \$77,609).

4. Review of Operations

The operating result for the year was a loss of \$3,434 compared to a profit \$77,609 last year. The club's trading operations performed well against last year with improvements in bar sales, poker machine revenues and other income. However, interest expense of \$64,633 on loans and additional depreciation of \$20,000 as a result of the renovations, a decrease in interest received of \$25,000 and the reduction in value of the residential properties of \$65,901 had a large impact on the results recorded.

5. Significant Changes

There have been no significant changes in the activities conducted by the Club in the year under review.

6 Events Subsequent to Balance Date

Since the end of the financial year the Directors are not aware of any matters or circumstances not otherwise dealt with in the report or accounts that has significantly or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club in subsequent financial years.

7. Likely Developments and Expected Results

The club faces a tough financial year with the impact of the Global financial crisis likely to affect local trading conditions. With renovations mostly complete, the club is however, well placed to weather the storm and benefit from the expected financial recovery.

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

DIRECTORS' REPORT (Cont.)

8. Indemnifying Officer or Auditor

The Club has, not during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Co-Operative:

* Indemnified or made any relevant agreements for indemnifying against a liability incurred as an officer, including costs expenses in successfully defending legal proceedings; or

* paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings;

with the exception of the following matters:

During the financial year, the Co-Operative has paid a premium in respect of a contract of insurance insuring Directors and Officers (including former and future Directors and Officers) against certain liabilities incurred in that capacity.

Disclosure of the total amount of premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of the insurance.

9. Directors' Benefits

Since the end of the previous financial year no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due to be received by Directors shown in the accounts or received as the fixed salary of a full time employee of the Club) by reason of a contract made by the Club or by a related corporation with the Director or with a firm of which they are a member, or with a Company in which they have a substantial financial interest in, other than those included in the Related Parties note to the Financial Report (Note 17).

10. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 May 2009 has been received and is set out on page 4 of the financial report.

The Co-operative may decide to engage the auditor in addition to their statutory audit where the auditor's expertise and experience with the Co-operative is important. Details of the amounts paid or payable to the auditor (Crosbie Warren Sinclair) for audit and non-audit services are provided in Note 16.

11. Environmental Regulations

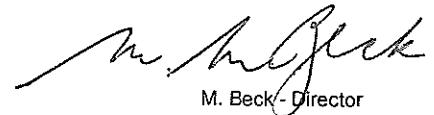
The Club's operations are subject to various environmental regulations under both Commonwealth and State Legislations. The Directors are not aware of any breaches of the legislation during the financial year, which are material in nature.

12. Dividends

The Club is prohibited from paying dividends under its constitution.



J. Jordan - Director



M. Beck - Director

Date: 14 July 2009

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

DIRECTORS' MEETING ATTENDANCES

The number of Board meetings held during the financial year ended 31 May 2009 were 21 being 14 Board meetings and 7 special board meetings. The details of each Directors attendances at those meetings is given below:

<u>Director</u>	<u>Normal</u>	<u>Special</u>	<u>Eligible to Attend</u>
N. Brooks - Did not stand at AGM	2	2	4
P. Poidevin - Was not re-elected at AGM	2	2	4
P. Blundell - Did not stand at AGM	2	2	4
D. Conlan - Appointed AGM and resigned 15 January 2009	5	2	12
I. Hanlon - Appointed AGM	11	5	17
G. Young - Appointed AGM	9	0	17
J. Jordan	14	7	21
M. Beck	14	6	21
C. Pascoe	14	5	21
C. Eason	13	5	21
J. Moir	13	7	21

PROPERTY REPORT

The Directors have determined that property of the club shall be classified as follows in accordance with section 41J of the Registered Clubs Act 1976:-

Core Property - Freehold property situated at 63 Kenibea Avenue, Kahibah, NSW 2290.

Non-core Property - Investment properties held:

- 110 Kahibah Road, Kahibah, NSW 2290
- 112 Kahibah Road, Kahibah, NSW 2290
- 114 Kahibah Road, Kahibah, NSW 2290

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 May 2009 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.

Kirsty Porteous
Kirsty Porteous - Partner

Crosbie Warren Sinclair Partners
Crosbie Warren Sinclair Partners
Certified Practising Accountants

Date: 14 July 2009

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)**INDEPENDENT AUDIT REPORT TO MEMBERS**

To the Members of Kahibah Bowling Club Co-Operative Limited

Report on the Financial Report

The Financial Report and Directors Responsibility

We have audited the accompanying financial report of Kahibah Bowling Club Co-Operative Limited, which comprises the balance sheet as at 31 May 2009 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Co-Operatives Act 1992. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report 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. In note 1 the Director's also state that, in accordance with Accounting Standard AASB101 Presentation of Financial Statements, compliance with the Australian Equivalents to the International Financial Reporting Standards, complies with International Financial Reporting Standards.

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 judgement, 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 controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. 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.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Kahibah Bowling Club Co-Operative Limited (the club) for the year ended 31 May 2009 included on the club's web site. The club's directors are responsible for the integrity of the club's website. We have not been engaged to report on the integrity of the website. The auditor's report only refers to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the club's website.

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, provided to the directors of Kahibah Bowling Club Co-Operative Limited has the same date as this auditor's report.

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

INDEPENDENT AUDIT REPORT TO MEMBERS (Cont.)

Audit Opinion

In our opinion:


(a)

The financial report of Kahibah Bowling Club Co-Operative Limited is in accordance with the Co-Operatives Act 1992 including:

- (i) giving a true and fair view of Kahibah Bowling Club Co-Operative Limited's financial position as at 31 May 2009 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Co-Operative Regulations 1995; and

(b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.


Kirsty Porteous - Partner


Crosbie Warren Sinclair Partners
Certified Practising Accountants

Date: 14 July 2009


KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

DIRECTORS' DECLARATION

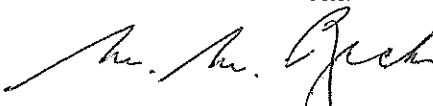
The Directors of the Co-Operative declare that:

- 1 The financial statements and notes, as set out on pages 8 to 20:
 - (a) comply with Accounting Standards in Australia, the Co-Operative Act 1992 and other mandatory reporting requirements; and
 - (b) give a true and fair view of the financial position as at 31 May 2009 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date.
- 2 At the date of this declaration 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 and signed for on behalf of the Directors by:



J. Jordan - Director



M. Beck - Director

Date: 14 July 2009

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2009

	Note	2009 \$	2008 \$
Bar Sales		1,262,665	1,186,648
Cost of Goods Sold		569,964	536,931
Bar Gross Profit (\$)		692,701	649,717
Bar Gross Profit (%)		54.9%	54.8%
Poker Machine Net Revenue		1,301,912	1,203,007
Members' Subscriptions		21,586	18,169
Green Fees		40,975	36,907
Interest Received		5,547	30,482
Rent Received		38,553	32,093
Other Income		152,207	111,933
Total Trading and Other Income		2,253,481	2,082,308
Expenses			
Bar Direct Expenses		374,595	318,023
Poker Machine Direct expenses		336,310	323,571
Members Amenities		222,657	231,877
Bowling Activities		126,975	139,035
Greens Expenses		110,308	99,460
Clubhouse Expenses		445,894	372,926
Administration Expenses		496,752	506,440
Change in Fair Value of Rental Properties	1, 3, 10	65,901	-
Borrowing Costs		64,633	4,424
Rental Properties		12,890	8,943
Total Expenses		2,256,915	2,004,699
Net Operating (Loss)/Profit before Income Tax		(3,434)	77,609
Income Tax Expense		-	-
Net Operating (Loss)/Profit after Income Tax		(3,434)	77,609

To be read in conjunction with the attached notes to the Financial Statements

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

BALANCE SHEET
AS AT 31 MAY 2009

	Note	2009 \$	2008 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	369,351	297,020
Receivables	6	37,932	45,034
Inventories	7	30,451	20,315
Other Current Assets	8	42,618	44,329
TOTAL CURRENT ASSETS		480,352	406,698
NON-CURRENT ASSETS			
Property, Plant and Equipment	9	5,013,707	4,647,363
Investment Properties	10	1,252,123	1,318,024
Intangible Assets	11	1,500	1,500
TOTAL NON-CURRENT ASSETS		6,267,330	5,966,887
TOTAL ASSETS		6,747,682	6,373,585
CURRENT LIABILITIES			
Trade and Other Payables	12	182,765	110,787
Interest Bearing Liabilities	13	17,036	120,000
Provisions	14	94,230	85,439
Other Current Liabilities	15	11,025	10,899
TOTAL CURRENT LIABILITIES		305,056	327,125
NON-CURRENT LIABILITIES			
Interest Bearing Liabilities	13	894,160	497,547
Provisions	14	4,742	1,755
TOTAL NON-CURRENT LIABILITIES		898,902	499,302
TOTAL LIABILITIES		1,203,958	826,427
NET ASSETS		5,543,724	5,547,158
MEMBERS' FUNDS			
General Reserve		2,086	2,086
Accumulated Funds		5,541,638	5,545,072
TOTAL MEMBERS' FUNDS		5,543,724	5,547,158

To be read in conjunction with the attached notes to the Financial Statements

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2009

	Note	2009 \$	2008 \$
Cash Flows from Operating Activities			
Receipts from members and guests		3,121,692	2,855,343
Payments to suppliers and employees		(2,619,515)	(2,615,204)
Interest received		5,547	30,482
Interest paid		(64,633)	(4,424)
<i>Net Cash Flows provided by/(used in)</i> <i>Operating Activities</i>	20	443,091	266,197
Cash Flows from Investing Activities			
Proceeds from sale of assets		-	8,000
Proceeds from investments		5,954	6,327
Payments for investments		-	(5,954)
Payment for poker machine entitlements		-	(1,000)
Payments for plant, equipment and renovations		(664,408)	(1,561,239)
<i>Net Cash Flows provided by/(used in)</i> <i>Investing Activities</i>		(658,454)	(1,553,866)
Cash Flows from Financing Activities			
Proceeds from borrowings		313,037	617,547
Repayment of borrowings		(19,389)	-
<i>Net Cash Flows provided by/(used in)</i> <i>Financing Activities</i>		293,648	617,547
Net Increase/(Decrease) in Cash Held		78,285	(670,122)
Cash at the Beginning of the Financial Year		291,066	961,188
Cash and Cash Equivalents at the End of the Financial Year	20	369,351	291,066

To be read in conjunction with the attached notes to the Financial Statements

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2009

Note	2009 \$	2008 \$
Opening Balance 1 June 2008		
Accumulated Profit	5,545,072	5,467,463
General Reserve	2,086	2,086
	5,547,158	5,469,549
Operating (Loss)/Profit for the year	(3,434)	77,609
Closing Balance 31 May 2009		
Accumulated Profit	5,541,638	5,545,072
General Reserve	2,086	2,086
	5,543,724	5,547,158

To be read in conjunction with the attached notes to the Financial Statements

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED

(ABN 52 069 232 319)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

1 Statement of Significant Accounting Policies

Basis

This financial report is a general purpose financial report that has been prepared in accordance with applicable Australian Accounting Standards, other mandatory professional requirements and other authoritative pronouncements and the Co-Operatives Act 1992.

The financial report has been prepared on the basis of historical costs, except for investment properties which have been measured at fair value. The financial report is presented in Australian Dollars.

The following is a summary of the significant accounting policies adopted by the Co-Operative in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Income Tax

There is no liability for income tax as the Club has been granted exemption as a Sporting Club under Section 50-45 of the Income Tax Assessment Act (1997). Such exemption will apply as long as the Club's activities and objectives do not change.

Inventories

Inventories are measured at the lower of cost and current replacement value.

Borrowing Costs

Borrowing Costs are recognised as an expense when incurred.

Trade Debtors and Other Receivables

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost, less any impairment losses. Trade receivables are due within 30 days from the date of recognition. The recoverability of trade debtors is reviewed regularly, with any uncollectible debts written off.

Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the Cashflow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Building Improvements	10 to 33 years
Greens Equipment	5 to 20 years
Clubhouse Equipment	3 to 10 years
Bar Equipment	5 to 10 years
Kitchen Equipment	6 to 20 years
Poker Machines	3 years

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

Property, Plant and Equipment (cont.)

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generating unit in which the asset belongs.

If an indicator for impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Co-Operative would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the income statement in the administration expense line item.

Investment Properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changes in the fair values of the investment properties are included in the income statement in the year in which they arise.

Investment properties are no longer recognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the income statement in that year.

Intangible Assets

Intangible assets acquired separately are capitalised at cost, the useful lives of these intangible assets are assessed to be either finite or indefinite. Those with finite lives are amortised over that period on a straight line basis. Intangible assets are tested for impairment where an indicator for impairment exists.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Co-Operative and the revenue can be reliably measured.

Sales revenue comprises the revenue earned from the provision of products or services to entities outside the Co-Operative.

Interest income is recognised as it accrues.

The gross proceeds on the disposal of assets are included as revenue of the Co-Operative. The profit or loss on disposal of asset is brought to account at the date an unconditional contract is signed.

Other revenue is recognised as it accrues.

Employee Benefits

Provision is made for the Co-Operative's liabilities for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with benefits arising from wages and salaries, annual and sick leave, which would be settled after one year, have been measured at their nominal amount. Other 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, using appropriate estimation techniques.

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

Accounts Payable

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days.

Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets (finance lease), and operating leases under which the lessor effectively retains all such risks and benefits. Where a non current asset is acquired by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease. The discounted amount is established as a non current asset at the beginning of the lease term and amortised over its expected economic life. A corresponding liability is also established and each payment is allocated between the principal component and the interest expense. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the income statement in the periods in which they are incurred.

Goods and Services Tax

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 Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The amount of GST recoverable or payable to the ATO is included as a current asset or current liability in the balance sheet. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

2 Additional Financial Instrument Disclosure

The Club's financial instruments consist mainly of deposits with banks and accounts receivable and payable and interest bearing loans.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The financial assets and liabilities subject to interest rate risk are:

Bank Accounts

At 31 May 2009 the club had the following bank accounts at call:

	Balance	Interest Rate	
Cheque Account	218,579	0.01	%
TAB Account	21,848	-	%
Keno Account	18,339	-	%
Statewide Link Account	18	-	%
	<u>258,784</u>		

Interest Bearing Deposits

As at 31 May 2009 the club held a deposit totalling \$5,954 with an interest rate of 2.85% This deposit is to mature in January 2010.

Loans

The club has financed its recent renovations via 2 loans: a residentially secured loan and a commercial loan. The residential loan has a current interest rate of 5.83% and a balance outstanding at 31 May 2009 of \$715,715.30 while the commercial loan has a current interest rate of 5.56% and a balance of \$195,444.35 at 31 May 2009. Based on current loan repayments the residential loan facility has a remaining term of just under 29 years while the Commercial Loan Facility has a remaining term of just over 17 years. Refer Note 20 Notes to Cash Flow Statement and Note 21 Security.

All other financial assets and liabilities of the Club which have been recognised on the Balance sheet are not subject to interest rate risk as they are non-interest bearing.

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

Additional Financial Instrument Disclosure (continued)

b) Credit Risk

Credit Risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. The Directors regularly monitor interest rate return and deal with well established and recognised financial institutions. Credit is not generally extended to customers.

The maximum credit risk in financial asset of the Club which have been recognised on the Balance Sheet, is carrying amount net of any provision for doubtful debts.

The club has reviewed the credit quality of its financial assets and expects all receivables to be recovered within due collection periods. No collateral or security is held in respect of any receivables.

c) Liquidity Risk

The risk that the Club will encounter difficulties in meeting its obligation associated with its financial liabilities is managed by ensuring sufficient funds are available at all times to cover its due financial liabilities. Furthermore, the loans noted above have a repayment period of 30 years for the residentially secured loan and 20 years for the commercial loan. The club currently generates sufficient cash to meet these repayments .

d) Net Fair Value of Financial Assets

The Club's financial assets and liabilities included in the Balance sheet are carried at amounts that approximate net fair value.

3 Operating Profit	2009	2008
Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:-		
Credits		
Interest Received / Receivable	5,547	30,482
Profit on disposal of assets	-	8,000
Charges		
Depreciation Plant & Equipment	176,272	202,508
Club Buildings & Improvements	146,852	106,909
Total Depreciation	323,124	309,417
Loss on disposal of assets	6,641	12,840
Interest and Finance Costs	64,633	4,424
Change in fair value rental properties	65,901	-
Employee Benefits - Wages	631,673	603,363
- Superannuation	55,549	51,368
- Payroll tax	-	3,600
- Leave Provisions	11,778	(2,169)
	699,000	656,162

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 52 069 232 319)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

	2009	2008
4 Operating Revenue		
Bar Sales	1,262,665	1,186,648
Poker Machine Net Revenue	1,301,912	1,203,007
Interest Received/Receivable	5,547	30,482
Rents Received	38,553	32,093
Other	214,768	167,009
Total	<u>2,823,445</u>	<u>2,619,239</u>
5 Cash and Cash Equivalents		
Cash at Bank - Cheque Account	218,579	180,180
Cash at Bank - TAB Account	21,848	10,248
Cash at Bank - Keno Account	18,339	5,788
Cash on Hand	97,500	87,500
Statewide Link Account	18	-
Cash at Bank - National Australia Bank	5,954	5,954
Poker Machine Hoppers	7,113	7,350
	<u>369,351</u>	<u>297,020</u>
6 Receivables		
Current		
Debtors Trade	15,296	23,748
GST Receivable	-	13,908
Income Accrued	22,636	7,378
	<u>37,932</u>	<u>45,034</u>
Debtors balance past due but not impaired	<u>15,296</u>	-
The directors consider the balance to be fully recoverable based on the previous trading history with customers		
7 Inventories		
Stock on Hand - Bar	<u>30,451</u>	<u>20,315</u>
	<u>30,451</u>	<u>20,315</u>
8 Other Current Assets		
Prepayments	<u>42,618</u>	<u>44,329</u>
	<u>42,618</u>	<u>44,329</u>

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

9 Property, Plant and Equipment

	Club Land & Building Improvements	Plant & Equipment	Total
Year ended 31 May 2009			
At 1 June 2008,			
Net of Accumulated Depreciation/Amortisation	3,957,748	689,615	4,647,363
Additions	504,720	199,549	704,269
Less: Disposals	-	(14,801)	(14,801)
Less: Depreciation/Amortisation	(146,852)	(176,272)	(323,124)
At 31 May 2009	<u>4,315,616</u>	<u>698,091</u>	<u>5,013,707</u>
Net of Accumulated Depreciation/Amortisation			
At 1 June 2008			
Cost	5,413,022	2,488,741	7,901,763
Accumulated Deprecation/Amortisation	(1,455,274)	(1,799,126)	(3,254,400)
Net Carrying Amount	<u>3,957,748</u>	<u>689,615</u>	<u>4,647,363</u>
At 31 May 2009			
Cost	5,917,742	2,589,083	8,506,825
Accumulated Deprecation/Amortisation	(1,602,126)	(1,890,992)	(3,493,118)
Net Carrying Amount	<u>4,315,616</u>	<u>698,091</u>	<u>5,013,707</u>
Year ended 31 May 2008			
At 1 June 2007,			
Net of Accumulated Depreciation/Amortisation	2,760,671	647,710	3,408,381
Additions	1,304,261	256,978	1,561,239
Less: Disposals	(275)	(12,565)	(12,840)
Less: Depreciation/Amortisation	(106,909)	(202,508)	(309,417)
At 31 May 2008	<u>3,957,748</u>	<u>689,615</u>	<u>4,647,363</u>
Net of Accumulated Depreciation/Amortisation			
At 1 June 2007			
Cost	4,112,020	2,465,298	6,577,318
Accumulated Deprecation/Amortisation	(1,351,349)	(1,817,588)	(3,168,937)
Net Carrying Amount	<u>2,760,671</u>	<u>647,710</u>	<u>3,408,381</u>
At 31 May 2008			
Cost	5,413,022	2,488,741	7,901,763
Accumulated Deprecation/Amortisation	(1,455,274)	(1,799,126)	(3,254,400)
Net Carrying Amount	<u>3,957,748</u>	<u>689,615</u>	<u>4,647,363</u>

10 Investment Properties

	2009	2008
Opening Balance at 1 June	1,318,024	1,318,024
Net loss from fair value adjustment	(65,901)	-
Closing Balance 31 May	<u>1,252,123</u>	<u>1,318,024</u>

Investment properties are stated at fair value, which has been determined based on valuations performed by Street Real Estate, Newcastle as at 31 May 2009.

Street Real Estate, Newcastle frequently assess the market values for properties similar to those held by the Club in the same area, having regard to past sales prices of other properties and current market conditions.

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

		2009	2008
11	Intangibles		
	Non - Current		
	Payment towards Poker Machine Entitlements	1,500	1,500
		<u>1,500</u>	<u>1,500</u>
12	Trade and Other Payables		
	Current		
	Creditors & Accruals	170,475	110,787
	GST Payable	12,290	-
		<u>182,765</u>	<u>110,787</u>
13	Interest Bearing Liabilities		
	Current		
	Loan payable - secured	17,036	120,000
		<u>17,036</u>	<u>120,000</u>
	Non-Current		
	Loan Payable - secured	894,160	497,547
		<u>894,160</u>	<u>497,547</u>
	(Refer Note 21 for Security details)		
14	Provisions		
	Current		
	Provision for Annual Leave	35,503	31,767
	Provision for Long Service Leave	58,727	53,672
		<u>94,230</u>	<u>85,439</u>
	Non-Current		
	Provision for Long Service Leave	4,742	1,755
		<u>4,742</u>	<u>1,755</u>
15	Other Current Liabilities		
	Subscriptions in Advance	11,025	10,899
		<u>11,025</u>	<u>10,899</u>
16	Auditor's Remuneration		
	Amounts received, or due to be receivable by the Auditor of the Co-operative for:-		
	Audit Services	16,000	15,000
	Accounting Services	-	9,000
	Recruitment	-	2,776
		<u>16,000</u>	<u>26,776</u>
17	Related Parties		

The names of persons who were Directors of the Co-Operative at any time during the year are as they appear in the attached Directors' Report with the exception of N Brooks, P Poidevin, P Blundell and D Conlan who either did not stand at the Club's Annual General Meeting, was not re-elected at the Annual General Meeting or resigned during the year.

Key Management Personnel

Income paid or payable to directors of the co-operative and any related parties

	16,871	17,253
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Number of directors whose income from the Co-Operative and any other related party was within the following bands:

\$0 - \$9,999	8	8
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KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

18 Commitments for Expenditure

Capital Commitments

Commitments for capital and other expenditure at the date of this report are:-

New Honour Boards	8,000
Bar and Cellar Upgrade	60,000
Signage	10,000
Kitchen Upgrade	5,000
	83,000
	83,000

These amounts will be expended within one year.

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2009	2008
not greater than 12 months	22,680	22,680
between 12 months and 5 years	40,950	63,630
greater than 5 years	-	-
	63,630	86,310
	63,630	86,310

19 Contingent Liabilities

Bank Guarantees

The Co-operative has a bank guarantee for \$5,000 in connection with its TAB facilities installed in favour of the Totalisator Board of NSW, which is secured by a term deposit held by the bank.

20 Notes to Cashflow Statement

1. Reconciliation of Cash

For the purpose of the Cashflow statement, cash and cash equivalents includes cash on hand and at call deposits with a bank or financial institution, net of bank overdrafts if any, and excludes investments with a maturity of greater than three months.

	2009	2008
Cash at Bank	264,738	196,216
Change on Hand	104,613	94,850
Cash and Cash Equivalents	369,351	291,066
Deposits greater than 3 months	-	5,954
Cash as shown on the Balance Sheet	369,351	297,020

2. Reconciliation from the net profit after tax to the net cash flows from operations.

Operating Profit/(Loss) After Tax	(3,434)	77,609
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Non-Cashflow in Operating Profit/(Loss)

Depreciation - Building and Improvements	146,852	106,909
Depreciation - Plant and Equipment	176,272	202,508
Change in Fair Value of Investment Properties	65,901	-
Profit on Disposal of Assets	-	(8,000)
Loss on Disposal of Assets	6,641	12,840
Net Change in Leave Provisions	11,778	(2,169)
	404,010	389,697

Changes in Assets and Liabilities

Decrease/(Increase) in Debtors	8,452	-
Decrease/(Increase) in Inventories	(10,136)	15,179
Decrease/(Increase) in Prepayments	1,711	(36,321)
Increase/(Decrease) in Trade Creditors and Accruals	27,988	(58,034)
Increase/(Decrease) in Income in Advance	126	518
Increase/(Decrease) in GST Liability	26,198	(37,464)
Increase/(Decrease) in Income Accrued	(15,258)	(7,378)
Net Cash From Operating Activities	443,091	266,197

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

20 Notes to Cashflow Statement (Continued)

3. Credit Stand-by Arrangement and Loan Facilities

The Co-operative has a residentially secured business loan facility amounting to \$720,000. At 30 June 2009, \$715,751 had been drawn down. The Co-operative also has a commercially secured loan facility amounting to \$280,000, of which \$195,444.35 has been drawn down as at balance date. Refer Note 21 Security.

21 Security

The residentially secured business loan \$720,000 facility is secured by 1st mortgages over properties at 110,112 and 114 Kahibah Road, Kahibah.

The commercially secured business loan \$280,000 facility is secured by a 1st mortgage over property 63 Kenibea Avenue, Kahibah.

22 New Accounting Standards and Interpretation

Title of Standard	Issue Date	Application Date **
Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009
Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101)	September 2007	1 January 2009
Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	March 2008	1 July 2009
AASB 2008-7 Amendments to AASB 1 and AASB 127 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	July 2008	1 January 2009
Improvements to Australian Accounting Standards: AASB 2008-6 and AASB 2008-6	July 2008	1 January 2009
Improving Disclosures about Financial Instruments - Amendment to IFRS 7 Financial Instruments: Disclosures	March 2009	1 January 2009
** Applicable to reporting periods commencing on or after the given dates.		

Application of the above standards is not expected to affect any of the amounts recognised in the financial statements, but will result in changes to the additional information disclosed in the financial statements. No standards have been early adopted.

KAHIBAH BOWLING CLUB CO-OPERATIVE LIMITED
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INCOME & EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MAY 2009

LICENSED CLUB ACTIVITIES	2009	2008
Income		
Bar Sales	1,262,665	1,186,648
Cost of Goods Sold	569,964	536,930
Bar Gross Profit	692,701 55%	649,718 55%
Poker Machine Net Revenue	1,301,912	1,203,006
Members Subscriptions	21,586	18,169
Interest Income	5,547	30,482
Other Core Income	158,538	111,933
Total Licensed Club Income	2,180,284	2,013,308
Expenses		
Poker Machine Direct	231,826	198,551
Bar Direct	366,045	303,197
Members Amenities	222,657	231,877
Clubhouse	239,906	207,081
Administration	469,875	485,480
Total Licensed Club Expenses	1,530,309	1,426,186
EBITDARD - Licensed Club	649,975 30%	587,122 29%
Other Business Expenses		
Depreciation & Amortisation	319,022	305,131
Loss on Sale of Assets	6,641	4,849
Donations	20,236	16,671
Net Interest	64,633	4,424
	410,532	331,075
Net Surplus - Licensed Club Activities	239,443	256,047
BOWLING ACTIVITIES		
Income		
Green Fees	40,975	36,907
Expenses		
Bowling Activities	233,181	234,215
Bowling Facilities Depreciation	4,102	4,281
	237,283	238,496
Net Cost - Non Core Licensed Club Activities	(196,308)	(201,589)
NON CLUB TRADING		
Income		
Rental Properties	32,222	32,093
	32,222	32,093
Expenses		
Rental Properties	12,890	8,942
Change in Fair Value of Rental Properties	65,901	-
	78,791	8,942
Total Non Club Trading	(46,569)	23,151
Grand Total - Surplus/(Loss) Before Tax	(3,434)	77,609

This Statement is not covered by the Audit Report on Page 5-6