

NOTICE OF ANNUAL GENERAL MEETING

THE FIFTY FIFTH ANNUAL GENERAL MEETING OF THE OAK FLATS BOWLING & RECREATION CLUB LIMITED WILL BE HELD IN THE OAK FLATS CLUBHOUSE ON SUNDAY 27 OCTOBER 2013 AT 9.30AM

Only financial members are permitted to attend the Annual General Meeting.

AGENDA

1. Apologies.
2. To adopt and confirm the Minutes of the previous Annual General Meeting.
3. To receive the Chairman's Report to members.
4. To receive the Audit Risk & Finance Committee's Report to members.
5. To receive and consider the Income Statement, Balance Sheet, Financial Statement(s) and the Auditor's Report for the period of 2012-2013.
6. To consider the Ordinary Resolutions set out below.
7. To consider the Special Resolution set out below.
8. To receive the declaration of Ballot from the Returning Officer for the election of directors.
9. To deal with any other approved business of which due notice has been given.

Members are requested to provide notice of any questions such as those relating to specific legislative or financial matters to the Club's Chief Executive Officer at least fourteen (14) days prior to the Annual General Meeting, in order that the answers thereto may be researched and, if required, a complete answer given.

ORDINARY RESOLUTIONS (Expenses and Honorariums)

To be passed, these resolutions require the approval of at least fifty per cent (50%) of the votes cast by the members at the meeting and entitled to vote on the resolutions.

1. Pursuant to the *Registered Clubs Act 1976*, the members hereby approve and agree that the members of the Board, during the twelve (12) month period proceeding the 2013 Annual General Meeting, receive the following benefits and the members further acknowledge that the benefits outlined in sub paragraphs (i) to (vi) below are not available to members generally but only those members who are elected Board members of the Club and shall be limited to \$40,000.
 - i) A reasonable meal and refreshment to be associated with each Board meeting of the Club.
 - ii) Provision of blazers and uniform for use of Directors when representing the Club.
 - iii) The reasonable cost of Directors attending meetings, Registered Clubs and other similar venues for the purpose of viewing and assessing their facilities and the method of operation, provided such attendances are approved by the Board as being necessary for the betterment of the Club.
 - iv) The reasonable cost of Directors attending the ClubsNSW Annual General Meeting or similar meetings as may be determined by the Board from time to time.
 - v) The reasonable cost of Directors attending seminars, lectures, trade displays, associated Club functions and other similar events, as may be determined by the Board from time to time.
 - vi) The reasonable cost of an electronic device (for example a laptop computer, iPad, tablet or similar device) being made available to directors in respect of their duties as directors.
2. That pursuant to section 10(6)(b) of the *Registered Clubs Act 1976*, an Honorarium for the Chairman of the Board during the twelve (12) months proceeding the 2013 Annual General Meeting be approved and be set the amount of ten thousand dollars (\$10,000) per annum with the honorarium to be paid in agreed installments.
3. That pursuant to section 10(6)(b) of the *Registered Clubs Act 1976*, an Honorarium for the Chairman of the Audit Risk & Finance Committee of the Board during the twelve (12) months proceeding the 2013 Annual General Meeting be approved and be set the amount of nine thousand dollars (\$9,000) per annum with the honorarium to be paid in agreed installments.
4. That pursuant to section 10(6)(b) of the *Registered Clubs Act 1976*, an Honorarium for each Director, excluding the Chairman and the Chairman of the Audit Risk & Finance Committee, during the twelve (12) months proceeding the 2013 Annual General

Meeting be approved and be set at the amount of:

- (a) one hundred dollars (\$100) per month; or
- (b) four hundred dollars (\$400) per month if the Director is elected to a sub committee of the Board (such committees would include, but not be limited to, the Audit Risk & Finance Committee, Bowls Committee, Sustainability Committee, Disciplinary Committee, Corporate Governance Committee and Remuneration Committee) and the Director attends a meeting of the sub committee during the month. For the avoidance of doubt, a Director is entitled to a maximum of one only Honorarium in respect of duties performed on sub committees.

5. That pursuant to section 10(6)(b) of the *Registered Clubs Act 1976*, an Honorarium for the following officers of the Men's and Women's Bowling sections, during the twelve (12) months proceeding the 2013 Annual General Meeting be approved and be set at the following amounts (with the honorariums to be paid in agreed installments):

Men's President	Three thousand dollars (\$3,000) per annum
Women's President	One thousand dollars (\$1,000) per annum
Women's Secretary	Five hundred dollars (\$500) per annum
Women's Treasurer	Five hundred dollars (\$500) per annum
Women's Vice President 1	One hundred and fifty dollars (\$150) per annum
Women's Vice President 2	One hundred and fifty dollars (\$150) per annum
Women's Chair of Match Committee	Two hundred dollars (\$200) per annum
Women's Match Committee	Fifty dollars (\$50) per annum
Women's Chair of Social Committee	One hundred dollars (\$150) per annum
Women's Social Committee	One hundred dollars (\$100) per annum
Women's Social Committee	One hundred dollars (\$100) per annum
Women's Chair of Selectors	One hundred dollars (\$100) per annum
Women's Selector	Fifty dollars (\$50) per annum
Women's Selector	Fifty dollars (\$50) per annum
Women's Welfare Officer	One hundred dollars (\$100) per annum

ORDINARY RESOLUTIONS (Life Memberships)

To be passed, these resolutions require the approval of at least seventy per cent (70%) of the votes cast by the members at the meeting and entitled to vote on the resolutions.

1. George Cowling to be elected as a Life Member of Oak Flats Bowling & Recreation Club Limited.
Moved: John Noble **Seconded:** Kevin Grainger
2. John Ryan to be elected as a Life Member of Oak Flats Bowling & Recreation Club Limited.
Moved: Don Ryman **Seconded:** Phil Buckley

SPECIAL RESOLUTION (Amendments to Club's Articles)

To be passed, the special resolution requires the approval of at least seventy five per cent (75%) of the votes cast by the members at the meeting and entitled to vote on the resolutions.

1. That the Articles of Association of the Club be amended as follows:

- (a) **deleting** Article 42 and in lieu thereof **inserting** the following new Article 42:

"42. In addition to the preceding there shall be two (2) Information Sessions held each year in the months of February and June to deal with the business set out in clause 45. For the avoidance of doubt, the Information Sessions are not general meetings of the Club for the purposes of the Corporations Act. Notice of the Information Sessions will be given to members by way of notice posted on the Club Noticeboard at least twenty one (21) days prior to the date of the Information Session."

- (b) **deleting** from Article 45 the words "General Meeting" and in lieu thereof **inserting** the words "Information Session".

- (c) **deleting** Article 45.1 and **renumbering** the remaining provisions of Article 45 accordingly.

- (d) **inserting** at the beginning of Article 62 the words "Subject to Article 42,."

EXPLANATORY NOTES

The Special Resolution proposes to amend provisions contained in the Club's Articles which relate to the "Information Sessions" that are held by the Club each year (at which the Club presents mid-year financial reports).

The amendments propose to:

- (a) change the dates of the Information Sessions from "February and May" to "February and June" each year; and
- (b) clarify the manner in which notices of the Information Sessions are given to members.

Change of Dates

With regard to the change to the dates, the Board considers it best to have an Information Session in June (as opposed to May) as it will mean that the Information Sessions are more evenly spaced throughout the year and correspond with the Club's Annual General Meeting (which is generally held in October each year).

This amendment will mean that an Information Session and/or Annual General Meeting is held approximately every 4 months.

Change of Notification Requirements

With regard to the change to the notification requirements, a recent review of the Club's Articles identified that the Club's Articles require the Club to post notice of the Information Sessions to all members.

The Club does not post notice of the Information Sessions to members. Members are notified of the Information Sessions by way of notice posted on the Club's noticeboard at least 21 days prior to the Information Sessions. The Club has approximately 21000 members. If the Club is required to post notice of the Information Sessions to members (twice per year), the Club would incur significant mailing costs.

This amendment will bring the Club's Articles into line with the Club's historical practice and clarify that members are notified of the Information Sessions by way of notice posted on the Club's noticeboard at least 21 days prior to the Information Sessions.

Dated at Oak Flats this 3rd day of September 2013.

By direction of the Board of Directors

Matt OHara

Chief Executive Officer

OAK FLATS BOWLING & RECREATION CLUB LTD
54th Annual General Meeting held at the club house
Sunday 28th October 2012

Meeting commenced: 9:40am

Chairman: George Cowling (Vice Chairman)

In attendance: Members, as per register.
Matt OHara: Chief Executive Officer
Roger Downs: Club Solicitor, Kells the Lawyers
Scott Tobutt: Club Auditors, Lawler Partners
Ken Forbes: Zone 16 Representative

Apologies: Kevin Grainger, Vic Hall, Joan Leckie, Henry Guenthoer, Robert Macleod, Larry Foley, Joe Kostyw, Leanne Smith, Sharyn Ryman, Lyn Buckley, Paul Graham, Karl Siewa, Adele Bartolo, Luke Cocksedge, Trish Adcock.

Pre-meeting presentation

Matt OHara discussed the Club's commitment to sustainability and introduced the CEO of Low Carbon Australia, Meg McDonald.

Meg McDonald presented Matt OHara with an award for achieving carbon neutrality under the National Carbon Offset Standard in recognition of becoming Australia's first carbon neutral club.

Welcome

George Cowling welcomed guests to the Annual General Meeting. One minutes silence was observed in honour of members passed.

George Cowling observed the Welcome to Country acknowledging the traditional owners of the land:

"On behalf of the Members of the Board of Oak Flats Bowling & Recreation Club Ltd, I would like to acknowledge the Traditional Owners and Custodians of the Land on which we are gathered, in particular the D'harawal Nation and pay my respects to Elders past and present."

Minutes of the previous Annual General Meeting:

Alteration: To change the name 'Margaret Rewko' to 'Margaret Berk'

Motion: To adopt the minutes of the previous AGM as attached, with the amendment to be made, as a true and accurate record of the meeting.

Moved: Bruce Ryan

Seconded: David Adcock

Carried.

Business Arising from the previous meeting: Nil

Chairman's Report:

Motion: To accept the Chairman's report as presented in the Annual Report.

Moved: Mary Clemmett

Seconded: David Adcock

Carried.

Audit, Risk & Finance Committee Report:

John Noble thanked members for supporting their club over the past twelve months. John explained the non-cash profit of the revaluation of properties owned by the Club and informed members that this money does not contribute to actual profits but rather goes into a fund. Profits have exceeded Board expectations. As Chairman of the AFRC John expressed his pleasure with this good result.

Motion: To accept the Audit Risk & Finance Committee's report as presented in the Annual Report.

Moved: Janet Pettit

Seconded: Deidre Wilcox

Carried.

Auditor's Report and Financial Statements:

Motion: To receive and adopt the income statement, balance sheet, financial statement and the auditor's report for the period of 2011-2012
Moved: Eric Brown
Seconded: Peter Mead
Carried.

Allocate allowances for upcoming year 2012-2013:

PROPOSED NOTICES OF RESOLUTION

The following resolutions are ordinary resolutions and must be passed by at least 50% of the members attending the meeting and entitled to vote on the resolutions.

Notice of Resolution 1

Pursuant to the *Registered Clubs Act 1976*, the members hereby approve and agree that the members of the Board, during the twelve (12) month period proceeding the 2012 Annual General Meeting, receive the following benefits and the members further acknowledge that the benefits outlined in sub paragraphs (i) to (v) below are not available to members generally but only those members who are elected Board members of the Club and shall be limited to \$40,000.

- i) A reasonable meal and refreshment to be associated with each Board meeting of the Club.
- ii) Provision of blazers and uniform for use of Directors when representing the Club.
- iii) The reimbursement of reasonable cost of Directors attending meetings, Registered Clubs and other similar venues for the purpose of viewing and assessing their facilities and the method of operation, provided such attendances are approved by the Board as being necessary for the betterment of the Club.
- iv) The reasonable cost of Directors attending the ClubsNSW Annual General Meeting or similar meetings.
- v) The reasonable cost of Directors attending seminars, lectures, trade displays, associated Club functions and other similar events, as may be determined by the Board from time to time.

Margaret Gillespie asked why Directors expenses of \$30,000 have increased to \$40,000.

Matt replied this was due to additional training undertaken. Directors attended Master Classes at conferences and felt this was a reasonable increase over the time period for the purpose of training. Directors made a commitment to training and this was the basis of the recommendation.

Motion: The members hereby approve and agree that the members of the Board receive the benefits as listed above.
Moved: David Adcock
Seconded: Maureen Adams

George Cowling asked for speakers for and against the motion.

Carried – 100% for, nil against.

Notice of Resolution 2

Motion: That pursuant to section 10(6)(b) of the *Registered Clubs Act 1976*, an Honorarium for the Chairman of the Board during the twelve (12) months proceeding the 2012 Annual General Meeting be approved and be set the amount of ten thousand dollars (\$10,000) gross per annum.

Moved: Peter Mead
Seconded: David Adcock

George Cowling asked for speakers for and against the motion.

Carried – 100% for, nil against.

Notice of Resolution 3

John Noble left the meeting.

Motion: That pursuant to section 10(6)(b) of the *Registered Clubs Act 1976*, an Honorarium (one only) for the Treasurer or Chairman of the Audit Risk & Finance Committee of the Board during the twelve (12) months proceeding the 2012 Annual General Meeting be approved and be set the amount of nine thousand dollars (\$9,000) gross per annum.

Moved: John Ryan
Seconded: John Rolfe

George Cowling asked for speakers for and against the motion.

Carried – 100% for, nil against.

Notice of Resolution 4

Motion: That pursuant to section 10(6)(b) of the *Registered Clubs Act 1976*, an Honorarium for each Director, excluding the Chairman and Treasurer/Chairman of Audit Risk & Finance Committee, during the twelve (12) months proceeding the 2012 Annual General Meeting be approved and be set the amount of one hundred dollars (\$100) per month.

Moved: John Brooks

Seconded: Jim Richardson

George Cowling asked for speakers for and against the motion.

Carried – 100% for, nil against.

Notice of Resolution 5

Motion: That pursuant to section 10(6)(b) of the *Registered Clubs Act 1976*, an Honorarium for each Director, excluding the Chairman and Treasurer/Chairman of Finance Committee, during the twelve (12) months proceeding the 2012 Annual General Meeting be approved and be set the amount of four hundred dollars (\$400) per month if any Director is elected to a sub committee of the Board to perform additional duties on behalf of the Board. Such committees would include an Audit Risk & Finance Committee, Bowls Committee, Sustainability Committee, Disciplinary Committee, Corporate Governance Committee and Remuneration Committee, such that each Director is entitled to a maximum of one only Honorarium.

Moved: Les Underwood

Seconded: Liliias McLaughlin

George Cowling asked for speakers for and against the motion.

Carried – 100% for, nil against.

Proposed notices of Ordinary Resolutions

To be passed, these resolutions require the approval of at least seventy per cent (70%) of the votes cast by the members at the meeting.

Ordinary Resolution 1

John Noble left the room.

Motion: John Noble to be elected as a Life Member of Oak Flats Bowling & Recreation Club Ltd.

Moved: George Cowling

Seconded: Kevin Grainger

George Cowling asked for speakers for and against the motion.

Speaker for the motion:

George Cowling discussed John Noble's contribution to the Club

Speakers against the motion: NIL

Other speakers for the motion:

Don Ryman read a statement on behalf of Chairman Kevin Grainger.

Other speakers against the motion: NIL

Moved: Mary Clemmett

Seconded: Julie Moller

Carried: (63-0)

John Noble returned to the meeting and thanked the members for the award.

Proposed Notice of Special Resolutions

The following resolutions are special resolutions and must be passed by at least 75% of the members attending the meeting and entitled to vote on the resolutions.

Special Resolution 1

To consider and if thought fit pass the following **special resolution**:

That the Articles of Association of the Club be amended as follows:

(a) Insert a new clause 28B:

'28B Any member seeking nomination for election to the Board must have completed, to the satisfaction of the Board, within the 2 years prior to nomination, such training courses as determined by the Board (being not less than 2 approved courses) as a precondition to acceptance of nomination and the Board may make and amend rules relating to compliance with this Article which rules will include, but are not limited to, provisions relating to:

28B.1 the approved courses (with the general intent that they be based on recommendations, if any, by ClubsNSW (or its successor) and be relevant to the role of company directors or the Registered Club Industry or both);

28B.2 the payment of the cost of the courses by the Club;

28B.3 the payment of a deposit (not greater than the cost of the courses) by a Member seeking to undertake the approved courses;

28B.4 the reimbursement after nomination of the cost of approved courses undertaken by a Member at his or her own cost; and

28B.5 other provisions to give effect to this Article.'

(b) Insert a new clause 28C:

' 28C Any member who has nominated for election to the Board must sign a deed poll or other document in a form (as to type and content) approved by the Board acknowledging the legal obligations of a director and specific agreement as to issues of confidentiality.'

(c) Insert a new clause 29.3:

'29.3 No nomination will be valid unless the nominee has complied with Articles 28B and 28C.'

(d) Amend clause 30 by replacing the words 'clauses 27, 28 and 28A' with the words 'clauses 27, 28, 28A, 28B and 28C'

Matt OHara read the proposed resolution. He added that the Government has introduced the requirement to have such training, to come into force next year.

Questions

- Member questioned whether this was too restrictive for someone who wants to join the Board. He asked whether current Directors are completing training retrospectively. Matt answered all training has been completed by the Directors and this will pre-empt requirements. Matt added that courses can take up to 3 hours to complete online. The member responded he was not aware that they were so easy. A pool of members would be required in case a current Director's position became available during their term. Matt believes individuals wishing to consider running for directorship should remain up to date with training.
- Member believes this to be extremely restrictive. Should a qualified individual join the Club they would be unable to join the Board. Should individuals wish to stand they couldn't do so unless they were trained. Matt responded that the training which takes less than three hours to complete shows a commitment to the highest order to the Club. He added that it is the State Government requiring this from ClubsNSW as clubs are failing. Director training is becoming mandatory to prevent further community assets from closing.
- Member questioned the retraction to 2 years prior. Matt OHara explained that this means the training is valid for 2 years.
- Member suggested signing an agreement to say once elected must complete training. Matt responded that the State Government is trying to bring in laws to ensure the right person for right Director role. Once an unqualified Director gets the role it is more difficult to remove them. It's about getting the right people elected.
- Member asked how members know what is 'determined' by the Board? Matt noted the Board intends that the courses required come from ClubsNSW. The Board can consider other courses if needed but intended to have guidance. It also allows for courses prescribed by Legislation.
- Member suggested hosting a session for members to come and do the course and have access to a computer. Matt agreed and noted the Club runs Director Information evenings which are aimed at educating members on this process.

John Noble addressed the members. He noted OFBRC was a valuable business with a \$9mil revenue and over 70 staff which Directors are responsible for. Members should elect knowledgeable and capable Directors. John added that 21 days' notice is provided to members when an election is called and people wishing to stand for the Board should be able to put aside the time to complete the required training.

Motion: To approve the alterations to the Constitution to clauses 28B, 28C, 29.3 and 30 as attached

Moved: Phil Buckley

Seconded: Eric Brown

George Cowling asked for speakers for and against the motion.

Carried – 93% (57-4)

Special Resolution 2

To consider and if thought fit pass the following special resolution:

That the Articles of Association of the Club be amended as follows:

Insert a new clause 33.2 and renumber the clause 33 sub-clauses consequentially:

'33.2 the powers under this clause 33 include the powers of the Board under clause 18 so that any reference to the Board in that clause is a reference to any committee appointed by the Board and delegated any of the powers under clause 18.'

Matt OHara read the resolution. No questions were asked.

Motion: To approve the alteration to the Constitution to clause 33.2 as attached

Moved: Dave Adcock

Seconded: Gary Scheir

George Cowling asked for speakers for and against the motion.

Carried – 98%, 62-1

Special Resolution 3

To consider and if thought fit pass the following special resolution:

That the Articles of Association of the Club be amended as follows:

(a) Delete clause 42 and replace with:

'42 In addition to the preceding there shall be two (2) General Meetings to be held in the months of February and May in each year.'

(b) Amend clause 40 by deleting the words 'or, as set out below Quarterly Meetings'

(c) Amend clause 45.3 by deleting the word 'quarterly' and adding to the end of the clause the words 'for the prior period (as determined by the Board)'

(d) Delete the words 'Quarterly' wherever appearing in the Articles and replace with 'General'.

(e) Delete the word 'Extraordinary' wherever appearing in the Articles.

Matt OHara read the resolution.

- Member asked whether this will affect bowls meetings? Don Ryman responded it won't affect the bowls unless the bowls decide to introduce the same alteration.
- Member requested a further explanation for removal of the term 'extraordinary'. Roger Downs explained this is just an alteration of terms only and does not alter the right of the members or Board to call a general meeting.

Motion: To approve the alterations to the Constitution to clauses 40, 42 and 45.3 as attached

Moved: Janet Petite

Seconded: Deirdre Wilcox

George Cowling asked for speakers for and against the motion.

Carried – 100% for, 65-0.

Special Resolution 4

To consider and if thought fit pass the following special resolution:

That the Articles of Association of the Club be amended as follows:

Amend clause 46 by deleting the words and numbers 'thirty (30)' and replacing with 'twenty (20)'

Matt OHara read the resolution. No questions were asked.

Motion: To approve the alteration to the Constitution to clause 46 as attached

Moved: Jim Richardson

Seconded: Les Underwood

George Cowling asked for speakers for and against the motion.

Carried – 100% for, nil against.

Special Resolution 5

To consider and if thought fit pass the following special resolution:

That the Articles of Association of the Club be amended as follows:

- (a) Delete the first sentence of Article 48 and replace with:

'48 Any notice of a General Meeting must give not less than twenty one (21) days notice (or such greater period of notice as may be required by the Act or the Law from time to time).'

- (b) Delete in Article 1.1 the definition of "the Law" and replace with:
"the Law" means the Corporations Act, 2001 (Cth)

Matt OHara read the resolution. No questions were asked.

Motion: To approve the alteration to the Constitution to clause 48 and article 1.1

Moved: Dave Adcock

Seconded: Bruce Ryan

George Cowling asked for speakers for and against the motion.

Carried – 100% for, nil against.

Election Results

Mary Clemmett, Assistant Returning Officer announced the results of election.

Election of Director

Phil Buckley elected un-opposed

Election of Vice Chairman

Don Ryman 127 Elected 3 year term

Stirling Scard 120

Election of Men's Bowls President

Don Ryman elected unopposed

Election of Men's Bowls Selectors

Matt McIntyre

Henry Tranby

Luke Cocksedge

Election of Match Committee

Greg King

Stirling Scard

Graham Carriage

Mary Clemmett thanked those who helped with administering the election. She passed on her best wishes to Larry Foley, Returning Officer who has been unwell.

Matt requested something be sent to Larry Foley on behalf of the meeting for the many years service he has given to the role of returning officer. The meeting approved.

Stirling Scard congratulated Don Ryman in his new role and thanked the rest of the Board for an exciting 3 years and wished them goodwill and success going forward.

Motion: Ballot papers to be destroyed

Moved: John Rolfe

Seconded: David Adcock

Carried.

Member asked about vacancy on Board. Matt explained that a vacancy would exist until the following AGM.

Nominations for the position of Returning Officer for the following year:

Mary Clemmett nominated from the floor.

Moved: Alice Grkinic
Seconded: Deidre Wilcox
Carried

Nominations for the position of Assistant Returning Officer for the next year:

Vic Hall nominated from the floor

Moved: Jim Richardson

Seconded: John Ryan

Carried.

General Business

- No General Business was raised by members.
- Matt OHara informed members of an information brief to be delivered at the close of the meeting regarding the proposed amalgamation with the Illawarra Yacht Club.
- George Cowling welcomed back Leanne Vaughan following her operation.
- George Cowling congratulated Kevin Grainger for becoming a grandfather for the second time.
- Member queried effect information session would have on Bowls meeting. Matt OHara responded that it should not interrupt the order of day.
- Ken Forbes, Zone 16 Official congratulated John Noble for Life Membership and congratulated the Club for profitable year.
- George thanked everyone for attending

Meeting closed: 10:40am

Oak Flats Bowling and Recreation Club Limited

ABN: 86 001 017 894

Trading Statement

For the Year Ended 30 June 2013

		OFBRC	IYC	2013 COMPANY	2012 COMPANY
Revenue		8,434,869	744,187	9,179,057	8,249,651
Other		531,130	37,573	568,703	574,493
Total Revenue		8,965,999	781,761	9,747,759	8,824,144
EXPENSES					
Advertising		(19,086)	(2,499)	(21,585)	(18,264)
Cleaning		(136,341)	(29,308)	(165,649)	(129,671)
Depreciation		(968,407)	(85,445)	(1,053,852)	(773,647)
Donations		(127,643)	(364)	(128,006)	(129,354)
Employee Benefits	Note 2	(2,745,880)	(279,988)	(3,025,868)	(2,643,229)
Entertainment and Promotions		(724,330)	(79,034)	(803,364)	(759,115)
Equipment Hire		(20,935)	(1,575)	(22,510)	(28,378)
Insurance		(123,281)	(13,587)	(136,867)	(123,525)
Profit (Loss) on Disposal of Equipment		(4,035)	(27,053)	(31,088)	36,970
Poker Machine Duty		(1,055,460)	(65,721)	(1,121,181)	(1,008,013)
Postage, Printing and Stationery		(64,638)	(14,435)	(79,073)	(63,212)
Cost of Goods Sold		(1,159,686)	(141,774)	(1,301,461)	(1,183,815)
Repairs and Maintenance	Note 1	(245,411)	(43,592)	(289,003)	(261,543)
Security		(100,058)	(20,799)	(120,857)	(98,440)
Rates and Utilities		(216,387)	(30,756)	(247,143)	(183,208)
Finance Cost		(119,280)	(31,277)	(150,557)	(132,190)
Green and Bowling Expenses		(15,290)	0	(15,290)	(11,936)
Poker Machine Monitoring		(76,910)	(9,986)	(86,896)	(69,879)
Sub Club Expenses		(13,064)	(1,015)	(14,079)	(12,094)
Computer and Software Expenses		(13,728)	(1,441)	(15,169)	(11,868)
Sailing Club Expenses		0	(4,460)	(4,460)	
Subscriptions and License		(55,957)	(9,204)	(65,161)	(50,104)
Consulting Fees		(18,730)	0	(18,730)	(14,122)
Womens Bowling Expenses		(32,137)	0	(32,137)	(36,558)
Courtesy Bus		(18,556)	(2,243)	(20,799)	(24,134)
Mens Bowls		(78,644)	0	(78,644)	(89,762)
Other		(260,867)	(7,417)	(268,284)	(131,205)
Trading Profit		551,259	(121,212)	430,047	873,845
Gain (Loss) on Revaluation / Amalgamation		5,796,733		5,796,733	50,000
Profit for the Year		6,347,992	(121,212)	6,226,780	923,845
Increase in revaluation Reserve					118,272
Total Comprehensive Income attributable to members		6,347,992	(121,212)	6,226,780	1,042,117
Greens Repairs and Maintenance	Note 1	(33,446)		(33,446)	(49,129)
Greens Wages	Note 2	(208,849)		(208,849)	(208,879)
Operational EBITDARD (excludes Bowls)		2,017,473			2,181,947
Operational EBITDARD as a % of Revenue		22.75%			24.92%
Company EBITDARD		1,688,071		1,687,521	1,785,491
Company EBITDARD as a % of Revenue		18.96%		17.42%	20.28%

CHAIRMANS I REPORT

On behalf of the Board of Directors it gives me great pleasure to present the 55th annual report to the Oak Flats Bowling and Recreation Club Ltd.

Once again it has been another very busy year but one that has put us in a good position for the future with the amalgamation of the Illawarra Yacht Club Ltd. I would like to welcome their members and staff to our ranks and we are looking forward to a long and successful future. I also would like to thank both Boards for their efforts in enabling this to happen. To Matt OHara, Anissa Taylor and John Noble and all of our staff who have been at the Yacht Club and at Oak Flats, without your dedication to seeing our Clubs advance we would not be in the position we are today. On behalf of our present as well as future Bowlers, Sailors and members I would like to thank you.

We have again had a solid financial year with a profit of \$551,259. The Club has also greatly increased its assets through the amalgamation with the Yacht Club.

In the past we as a Board of Directors have come to you with some hard decisions we made to keep us on track to give us a solid financial base. This year it has been good to be able to see that we are now in a position to give back to the Club and its members with our new and upgraded air conditioning system; window shades on the Northern windows; shelters on No 2 and No 3 Greens; new fence around the Club house, and the continued improvements in our greens.

I would like to thank all sub clubs at both the Oak Flats and the Yacht Club for their efforts during the past year and look forward to our ongoing relationship.

At this time I would like to take a moment to think of members and friends who have passed since our last report.

To all the people who give help and support to our Club, I thank you. To our members at both Clubs I again encourage you to take a positive and active role in your Club.

I would like to wish you all the best for the year ahead.

Kevin Grainger I Chairman Oak Flats Bowling & Recreation Club

AUDIT, RISK & FINANCE COMMITTEE I REPORT

This is the first annual report issued to our members since we amalgamated with the Illawarra Yacht Club on 30th April 2013. The figures therefore include 2 months of trading at the Yacht Club.

For monitoring purposes we are maintaining separate profit and loss accounts for both clubs.

The consolidated net profit for the year is \$6,226,780.

The reason for the very high profit recorded is due to the net gain of \$5,796,733 to Oak Flats Bowling and Recreation Club Ltd on completing the amalgamation process.

The net amount consists mainly of the residual value of the Illawarra Yacht Club business, after all their loans, and other liabilities were paid out by Oak Flats Bowling Club.

The profit made from our trading (in the main consisting of bar, gaming and catering) is what we rely on to cover all of our operating expenses, loan repayments and capital expenditure. As such it is more accurate to look at our profit results in the following manner:-

Net profit (including abnormal item)	\$6,226,780
Less- Gain on amalgamation	<u>\$5,796,733</u>
Net profit (excluding abnormal item)	\$430,047

This amount consists of the following:

Profit Oak Flats Bowling Club	\$551,259 (Last year \$873,844)
Less Loss Illawarra Yacht Club	<u>(\$121,212)</u>
	\$430,047

The result at Oak Flats is \$322,585 less than last year's result (before inclusion of abnormal profit items), however the this was due mainly to the following items of expenditure:

Increased depreciation on Poker Machines	\$161,363
Legal fees incurred on amalgamation process	\$ 99,644
Additional provision for sick and long service leave	<u>\$ 69,695</u>
	\$330,702

Without these additional expenditure items our net profit would have been \$881,961 (a good result.)

The three main income streams at the Bowling club remain strong and summarised as follows:

Bar Trading

	2012-2013	2011-2012	\$ Change
Income	1,447,547	1,499,932	(52,384)
Profit	495,510	522,911	(27,401)

Although sales income has decreased by 3.49% the main reason for the declining profits is due to an increase in staff leave provisions of \$22,950.

The Club also absorbed the beer price increase, which occurred in February.

Catering

	2012-2013	2011-2012	\$ Change
Income	1,335,797	1,334,610	1,186
Profit	9,175	23,997	(14,821)

Sales remain relatively stable and, although profit has declined, that is due to an increase of \$18,868 in staff leave provisions.

Gaming

	2012-2013	2011-2012	\$ Change
Income	5,566,106	5,319,044	247,061
Profit	3,314,722	3,278,449	36,272

Income increased by 4.64% and this is a good sign as most surrounding clubs have experienced declining gaming income over the last year.

Poker machine tax amounted to \$1,055,459.

We adopt an aggressive approach to upgrading our gaming machines and this may be a reason why our performance continues to improve.

An increase in staff leave provisions of \$14,790 has affected profit.

At the Yacht Club the trading center results represent the performance in May and June 2013 (i.e. since ownership transferred to Oak Flats Bowling Club).

Bar

Income	128,203
Profit	26,219

Catering

Income	190,932
Net Loss	(26,890)

Initial repairs and maintenance and cleaning costs when we took over from the contractor amounted to \$18,467.

Gaming

Income	419,761
Profit	278,844

Repairs and Maintenance completed in the poker machine room cost \$14,751.
(Note This does not include the cost of building the improved outdoor smoking deck.)

When taking over the Club quite substantial initial costs were involved and these have been included in the Yacht Club expenses.

These include the following:

Bank Charges	\$23,476
Loss on disposal of Poker machines	\$27,053
Interest on Bank Loan	\$ 7,770
Postage and Printing on mail-out to IYC members	\$14,435
Other repairs and Maintenance	<u>\$19,917</u>
Total	<u>\$92,651</u>

We are under no illusions that the Yacht Club will be “a walk in the park” to manage and a lot of hard work and many changes were required to put the Club on a better financial footing.

Very encouraging signs have emerged in July and August regarding gaming and catering income growth and that trend should continue.

Balance Sheet

The annual balance sheet reflects the amalgamated position and the equity position has improved by \$6,226,782 to \$15,020,619.

Our level of debt to finance our assets (gearing ratio) is quite low at 27.26%.

Total bank and equipment finance loans/leases are now \$3,436,374 and represent 16.64% of our total assets.

Increased borrowings during the year related to retiring all debts/creditors at the Yacht Club, a new air conditioning plant at Oak Flats, purchase of new poker machines and increased working capital requirements for the amalgamated business.

Loan repayments of \$747,565 were made during the year and we do not have any loan arrears.

Intangible assets have increased by \$1,178,183 and the cause of this is due to 24 new poker machine entitlements purchased (\$319,516), plus the value of the poker machine entitlements at the Yacht Club (\$858,667), of which ownership transferred to Oak Flats on amalgamation.

Our cash position is reasonably healthy and we have in place an overdraft facility of \$500,000 should it be required.

We are not aware of any reasons why we will not be able to meet future commitments when they fall due.

Risk

The risks facing our business are reviewed at least twice monthly.

Competition from surrounding clubs and hotels represent the biggest risk as they are targeting the same market as us with a concentration on the family dining market.

Locally, the Central Hotel opened in April and major renovations have been completed at The Shellharbour Club. They are spending heavily on T.V. advertisements to attract new business.

Although we did notice a downturn in trade income for a month after their opening our business has now returned.

Currently, Warilla Bowls Club is under renovations. They are due for completion by Christmas. One of their bowling greens will be lost primarily to an alfresco dining area.

Because of what is happening around us it is time for Oak Flats to consider an upgrade also as we cannot afford to sit on our hands doing nothing and watch our members go elsewhere.

Matt OHara is our CEO and has been responsible for overseeing the development of our Club to where it is today.

After the completion of the amalgamation with the Yacht Club Matt's contract was upgraded to a level recognising we are now collectively amongst the largest clubs in the Illawarra.

We are fortunate that Matt has remained loyal to Oak Flats, as much larger City Clubs have recognised him as a leader in the industry.

Rising interest rates also represent a major threat to our profitability.

Fortunately, we borrowed when interest rates are at their lowest for about fifty years, and there may be a further reduction in rates to come.

The situation is under review and we intend to fix the rates if economic data available reflects rising inflation and an improving economy.

It would appear that both political parties have now dropped their pre-commitment plans for poker machines and maybe the ATM withdrawal limit proposal at Clubs will not proceed.

Both measures represented huge on-going risks and would have made forward planning very difficult.

During the year the Audit Risk and Finance committee have usually met with the CEO each fortnight to review our trading results and consider other risk developments.

I would like to thank the other committee members, Phil Buckley and Kevin Grainger, as well as the CEO for making themselves available for these meetings.

Because of the amalgamation process, the year has been particularly demanding for our senior management staff, who have risen to the occasion to ensure its successful completion.

Our CEO, Matt OHara, and Finance Manager, Anissa Taylor, have both worked tirelessly since November investigating the accuracy of all records at the Yacht Club before the amalgamation proceeded in May.

The efforts have been truly outstanding and they deserve the utmost praise from our members.

Thank you Matt and Anissa.

Our staff are our front line and they are the ones who have to deal with the ongoing daily challenges that always occur, but rarely seen by us members.

Thank you one and all the excellent performance you have achieved.

This is a very exciting time for the Bowling Club and the Yacht Club and our coming together in an amalgamation is probably the biggest single event in each of our histories.

The completion of the amalgamation ensures we can now both move forward with confidence for a successful future that may not have been there twelve months ago.

John Noble | **Chairman of the Audit, Risk & Finance Committee**

ILLAWARRA YACHT CLUB PRESIDENT'S I REPORT

What a difference a year has made in the life of the Illawarra Yacht Club. When we compiled our reports last year the future of the Club was quite unknown. We can now say that a successful amalgamation with the Oak Flats Bowling and Recreation Club is complete and that the future of the Club is assured. The decision was timely and the only correct one to make. One of the very gratifying aspects is that the Club has retained its identity and charm on the foreshores of the lake with the "Million Dollar View".

Already there has been a noticeable difference with some substantial building improvements underway. The sailing fraternity have received support from the new larger business that enables them to rebuild some of the infrastructure items that are necessary for the safety and continuation of the sport. Other sub-clubs have been similarly supported.

The Illawarra Yacht Club has a very proud history which many strong supportive individuals and characters helped form. However we reached a time where things had to change and move on. The reality is that we have gone from being a small to medium size Club in a struggling atmosphere to one where our Members are now jointly part of one of the Illawarra's biggest Clubs and will enjoy the benefits this offers. I ask you all to take the time to reflect and appreciate the hard work those founding people carried out and embrace the new and brighter future.

From a personal perspective I am pleased and proud that I can say that I have been a President and a Commodore of the Illawarra Yacht Club. Whilst it has been difficult for me to be the one to "hand over the keys" it has been done knowing that the Club will move on to become a bigger and stronger place.

A big thank you to all of those people from the Members, Management, Staff and importantly *all* fellow Board Members who have provided support throughout a very extended time.

Roberts Willets I President Illawarra Yacht Club

CHIEF EXECUTIVE OFFICERS I REPORT

On behalf of the Board of Directors and staff I have great pleasure in presenting the Annual Report for the year ending 30 June 2013.

2012-13 will be remembered as one of the key milestones in the history of our Club – successfully amalgamating with the Illawarra Yacht Club. Both Clubs come from proud traditions and share common ground in many ways. We are really pleased to welcome their members, Board and staff as our partners.

Over time all businesses and successful organisations must continue to evolve and maintain relevance to the markets they serve. For Oak Flats Bowling and Recreation Club this means evolving with the times by amalgamating to become part of something bigger, as many clubs currently struggle to keep the doors open. I would like to congratulate the Board Directors of both clubs for their foresight and investment in our collective futures. Ultimately, we are taking this path to ensure the long term future of our Club and thus the continuity of our sport of bowls for our members to enjoy. This comes at a time when many bowling clubs across NSW are battling for survival and as such we are particularly proud to be taking such positive steps.

People

A few years ago the Board approved an initiative that would ensure that as we grow we don't forget our traditions in the community. To this end, we made a commitment to funding an additional category of Community Development & Support Expenditure under our *Community Engagement Charter*. This year our Club donated a total of \$144,505 to our local community groups. This commitment is \$50,707 over and above our CDSE obligations.

Our community values will extend into the Warrawong/Berkeley/Port Kembla areas over the next few months and the Board have ensured that we are not only taking responsibility for the Illawarra Yacht club, rather we are extending our commitment to their community as well. To this end, within a week of commencing at the Yacht club we sponsored a Permaculture Garden Project at Lake Heights Primary School. More recently we have also committed sponsorship to the combined Warrawong High School and the five local primary schools "Wacki Film Festival".

The combined total community funding for 2012-13 for both the Oak flats Bowling & Recreation Club and Illawarra Yacht Club was \$182,378.

Notable support we have committed to over the past year includes; \$9500 to St Vincent de Paul, Southern Children's Care \$12,000, Camp Quality \$1000, The Albion Park Rail Public School Breakfast program \$4000, The Rats Cricket Club \$12500, The Flagstaff Group \$3500, The Bendigo Bank Australian Aerial Patrol \$12,000, Warilla Neighbourhood Centre \$1000, Railway Grey's Womens Hockey Club Inc \$5000, The Shellharbour City Falcons Soccer \$6000, Oak Flats View Club \$3190, Diabetes support group \$400, Shellharbour Squadron Air Force Cadets \$1120, Lions Club \$2890, Oak Flats Swimming Club \$1950, Albion Park Youth & Community Car \$990, The Cram Foundation \$2500, Scouts Australia (Illawarra) \$10,000, Wollongong Hawks \$10,000, Oak Flats Rural Fire Service \$2870, Albion Park District Netball Club \$1500, Australian Red Cross (Oak Flats) \$2208, Australian Red Cross \$2000, Youth off the Streets \$1500, Cancer Carers \$1000, Southern

Youth & Family association \$1000, Lake Heights Primary School \$4000, UOW Minkys Hockey Club \$790 and many individuals across the Shellharbour area.

In addition to the above community donations we also supported our sub clubs a total of \$27,960 and our Mens and Womens Bowling Clubs to the tune of \$368,366.

On a less fortunate note, the past year has seen a number of long term members passing. Life members Larry Foley and Norm Barton are sadly missed. Former singles champion and club coach Len Mikanovic and former Director and Shellharbour City Mayor Dave Hamilton also sadly passed away this year in addition to many others. My sincere condolences go to all the family members of our past members.

Planet

Our Board and staff continue to display our values in our business affairs and this has led to us winning the Australian Business Award for *Environment and Sustainability*.

At the time of publishing this report we are in the final proceeds of maintaining our carbon neutral status – an achievement we are extremely proud of. Thank you again to the 862 members who purchased a carbon offset and did their part to contribute to a world they would like to see.

Profit

Our Board continues to focus on practising the principles of good Corporate Governance such as: having the Board structured to add value; providing clear guidelines of Board and Management responsibilities; effective oversight and disclosure; etc

Good Corporate Governance provides clear focus of where the Board and Management should focus their energy. This results in a secure financial future for our Club and enables us to pursuit recreation, social and sporting activities.

This year our EBITDARD was \$1,688,071 (after deducting \$5,796,733 for the value of the Illawarra Yacht Club assets being brought onto our accounts and balance sheet).

As a Board we continue to monitor strategic risks and opportunities to help ensure we remain relevant into the future.

Thankyou & Congratulations

The past year has been very busy for many of our administration staff. The amalgamation with the Yacht Club has been demanding on our small management team however we all understand the security this creates and the positive impacts this will have on the future longevity of our Club. I would like to make special mention to the enormous amount of work Anissa Taylor our in-house accountant has dedicated herself to this year. Other staff who deserve special acknowledgement include Jisella and Mandy – my thanks for your patience and support this year.

I would also like to recognise and sincerely thank the many volunteers who help with functions, BBQs, transport of members, moving furniture and assisting with our renovation works. These caring members are always ready to lend a hand when asked and their dedication to their Club is greatly appreciated. One such person is our Marty who was this year recognised by ClubsNSW as one of those special and unique members who come to our Club; this recognition resulted in a special short video being produced about him and his chooks.

Thanks also to our Greens and Bowls staff for their efforts this year and finally, to all our other staff that have held the fort this year – thankyou and here's to another good year together.

Final words

I would like to wish George Cowling well for his Life Membership nomination. Those of you who have worked with George understand the love he has for our club and the absolute dedication he has to helping out. Also, John Ryan is to be congratulated for his nomination. Best of luck to both gentlemen.

Matt OHara | Chief Executive Officer

MADAM PRESIDENTS I REPORT

It is with great pleasure that I present the Oak Flats Women's Bowling Club annual report for 2013.

On behalf of myself and the members of Oak Flats Women's Bowling Club, we extend a very big thank you to all who have given their support to the Women's Club during the year: Chairman Kevin Grainger; Directors; CEO Matt OHara; staff and members.

The OFWBC submitted three teams to the District Pennant season and although the teams did not reach the District level there were some great bowls played. Each and every player should be commended on their commitment to their teams, and the Club.

Our new By-Laws came into effect on 1 July 2013 and our Annual General Meeting was held under the new rules. The Management Committee consists of eight members who have been elected by their peers, together with an additional four members also elected to sub-committees. Congratulations, I do hope you enjoy your term.

The first event under the new structure was the State run and Oak Flats Bowling and Recreation Club sponsored, *Champion of Club Champions Singles*. All members worked tirelessly and achieved great success as a team. Our members received many compliments from NSW both the Women's Bowling Association, the players and their supporters.

Thank you to all who helped us achieve success and well done to all.

Congratulations to Leanne Smith and Sharyn Ryman who have been selected in the squad by NSW Women's Bowling Association to play in the *Country versus City* event later in the year. We wish you the best of luck and good bowling.

To those who have lost loved ones during the year, I extend my condolences and to those who are not well, I wish you a speedy recovery.

Wishing everyone good health and happiness. May our Club continue to prosper.

Janet Pettit I **President Oak Flats Woman's Bowling Club**

MENS PRESIDENTS I REPORT

It gives me great pleasure to write this Annual Report as President of Oak Flats Men's Bowling Club for 2013.

Firstly I would like to thank our Bowls team for all of their hard work during the year: Matt McIntyre our Bowls Coordinator; Henry Tranby Assistant Coordinator; our Management Committee; our Selectors, umpires, and volunteers who make our Club what it is. Great job and well done! Of course we cannot forget our green keepers Scott, Paul, and Matt. I think we have the best greens and surrounds in the district. Thank you to Scott and his team for a fantastic job!

On the Bowls front our Pennant season was an up and down one. I'm sure we will be up there in 2014. To all of our Club Champion winners congratulations and all the best in the *Champion of Champions* games ahead.

To our CEO Matt OHara, Chairman Kevin Grainger and fellow Board of Directors, thank you for all of your support to our Bowling Club during 2013. It is truly appreciated.

To all the esteemed members we have lost during the year. Some special one's again this year; I would like to extend my condolences to their families.

In conclusion I would like to wish my fellow men and woman bowlers all the best for 2014 season. I am honored and proud to be the President of our great Club.

All the best on the Bowling Green's

Thank you

Don Ryman I President Oak Flats Men's Bowling Club

SAILING COMMODORE'S I REPORT

We find ourselves at the completion of what has been another very successful year for sailing at the Illawarra Yacht Club. The *Energy Australia Skyriders* and *Sabot* programmes are showing what an asset they are to the future of sailing at our club. *Skyriders* and *Sabots* are sailed on a weekly basis and are attracting new junior sailors together with their parents to the Club. There is also an impressive number of past and present skiff sailors attending with their children and assisting with the running of our Training School. Once again, special thanks go to our Club Coach, Kevin Middleton, who as always, does a fantastic job running this programme.

The numbers were a bit lean in the *Flying Ants* this year. We had three boats racing on a weekly basis but next year looks to improve as we are expecting an increase in boats racing. We still achieved results at State level with *PurpleHaze*, Patrick Corbett and Brad Bower, winning the NSW Youth Championship and Lachlan and Mitchel Nardone on *Misguided Missile* winning the St George Shield. The Nardone boys also took out the double at Club level winning the Club Championship and point score in their first year together. Congratulations to all.

A big thanks to Jono Bower for a job well done - Jono has put in a lot of time and effort this year with all aspects of junior sailing. Congratulations to Mr M. Nelson and Ms R. Demol on their Club Championship; D. Liver on the spring point score and A Teixeira for the summer point score victories. Thanks also to Neil McKinlay and Nick Nelson for running another successful season.

The Open Division has once again shown why it is a very important part of our fleet. As John Richard often says 'the Opens fill in the gaps between the other classes'. The Open Class provides opportunities for a large range of sailors from beginner to the top level and for people that have work commitments or just want to go sailing and have some fun. Congratulations to Club Championship winners Peter and Sarah Amos on *Blew True* and point score Winners Vince and Coby Zweers on *SurfTech*. Also to Dante Olivieri and Alex Marzano who qualified to represent Australia at the Worlds in Spain in the 420 Class in July 2013. Once again, thanks to JR for your time and effort.

We have a number of *Trailable Yachts* however getting all together can be very challenging; thankfully we were able to get more races in than last year. We had a good turnout for a night race, Australian Day and the Lord Mayors regattas. Well done to Ken Hardy Risky Business on winning the Pointscore. Thanks also to Steve Towle for your efforts for the year.

In our premier 16' Skiff Class there has been a lot of money spent on upgrading of sails, masts and boats. The racing was much closer this year with any of five boats capable of winning on the day. *Energy Australia* skippered by Phil Bower and crew by Jono Bower and Richard Nardone won the Club Championship and were pushed hard by LVC Ross Massey, Carmine Olivieri and Miroslav Ivaneza who won the point score and *Fab* Andrew Beasley Nitro and Sam Featherstone who took the double in the Tyrepower Sprints. Thanks to Phil Bower for all your efforts this year.

The only sad note is that we lost three members from our sailing family: Ron Dalzel a life member, former President and Commodore of our club; Betty Jenkins former ladies auxiliary member and Peter Murphy a current sailing member from the open class. May they rest in peace.

It takes a lot of effort and help for our sport to run efficiently, I would especially like to thank our Board of Directors, Sailing Executive, Sponsors, Club Staff, Volunteers and Supporters for making this possible and assisting us on achieving this. I would like to acknowledge the fantastic job Sarah Amos has done with producing and circulating the monthly sailing newsletter.

Next year is going to be extremely busy. We will be hosting five regattas, hopefully increase our numbers in the Flying Ants and Open classes, some tight and competitive skiff racing, new management and directors and work in progress of upgrading our facilities on and off the water. I hope to see you all and more for 2013/14 season.

Richard Nardone | **Commodore Illawarra Yacht Club Sailing Club**

HEAD GREENKEEPER'S I REPORT

As this is my first Greens report since joining the club two years ago I would firstly like to take this opportunity to thank everyone involved in the Club for making me feel so welcome. I would also like to thank Matt OHara and the Board of Directors for trusting in my ability to rectify the problems that I was initially faced with and the patience that they and the members showed in giving us time to implement the program that was needed to manage the insect and disease presence that had plagued No.1 Green for some time. That said I am happy with the progress we have made and look forward to going into this growing season on the front foot and taking the greens to the next level. This will help to put Oak Flats Bowling and Recreation Club up there as a premier bowling facility where our members are proud of our greens and surrounds, and visitors are impressed and want to return.

Renovations of the greens will start in mid-October commencing with No.2 green followed by No.1 green. This process will take between 10-12 weeks. Both greens will be aerated, dethatched and levelled with soil amendments incorporated to adjust pH and nutrient levels. In addition No.2 green will also have new drainage outlets installed that will be of great benefit to the green.

I would also like to take this opportunity to thanks the Clubs maintenance crew for their effort over the last two years. It has been a team effort to achieve what we have, and I would like to thank Paul "Rowdy" John Woods, Matt Howley, Martin Aspery and Malcolm Brown for their consistent effort. Last but not least I would like to thank our bowls organisers Adele Bartolo, Mathew McIntyre and George Cowling for their co-operation with synchronising the bowls program with maintenance requirements. As I have said I am looking forward to this season and the ongoing improvements of our facility.

Scott Fackender I Head Greenkeeper Oak Flats Bowling & Recreation Club

DIRECTORS TRAINING I REPORT

Training Report	John Noble	George Cowling	Phillip Buckley	Don Ryman	Kevin Grainger	Stirling Scard	Wendy Steyer	Provider
August 12	Y	Y	Y		Y	Y	Y	CDI - Clubs NSW - Dapto Leagues Club
October 12				Y	Y			Clubs NSW 2012 Conference - Successful Strategic Plan Process
October 12				Y	Y			Clubs NSW 2012 Conference - Workplace Relations Seminar
October 12				Y	Y			Clubs NSW 2012 Conference - Change Management
October 12				Y	Y			Clubs NSW 2012 Conference - Thought Leadership
October 12				Y	Y			Clubs NSW 2012 Conference - Marketing and Branding
February 2013	Y	Y					Y	CDI - Clubs NSW - Woonona Bulli RSL
February - March 2013							Y	Clubs NSW Corporate Governance Program
May 2013	Y	Y		Y	Y		Y	CDI - Clubs NSW - Western Suburbs

*Not Required to attend is noted as:

Matt OHara | Chief Executive Officer

CARBON I REPORT

Emission Source	2011-2012 Tonnes of CO ₂ -e	2012-2013 Tonnes of CO ₂ -e	Carbon Savings
Scope 1			
Purchased E10 for company vehicle and ute	7.37	7.90	-0.53
Purchased diesel for OFBRC courtesy bus	17.23	14.84	2.39
Purchased ULP for greens equipment- stationary	0.51	0.64	-0.13
Purchased LPG	0.19	0.05	0.14
Purchased natural gas	55.52	54.19	1.33
Leakage of refrigerants	39.79	41.58	-1.79
Total Scope 1	120.61	119.20	1.41
Scope 2			
Purchased electricity	820.96	796.87	24.09
Total Scope 2	820.96	796.87	24.09
Scope 3			
E10 and ULP extraction and transport	0.58	0.63	-0.05
Diesel extraction and transport	1.31	1.13	0.18
ULP extraction and transport- stationary	0.04	0.05	-0.01
LPG extraction and transport	0.02	0.005	0.015
Natural gas extraction and transport	15.36	14.99	0.37
Extraction, transport, transmission and distribution losses for purchased electricity	156.81	163	-6.19
Air travel	1.77	7.91	-6.14
Waste going to landfill	38.61	37.87	0.74
Purchased paper	1.36	1.51	-0.15
Employees commuting	42.91	44.89	-1.98
Water	7.66	8.63	-0.97
Total Scope 3	266.43	280.60	
Total Emissions	1207.99	1,196.66	11.33

Phil Buckley | Chairman of the Sustainability Committee

Oak Flats Bowling and Recreation Club Limited

ABN: 86 001 017 894

Financial Statements

For the Year Ended 30 June 2013

Oak Flats Bowling and Recreation Club Limited

ABN: 86 001 017 894

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For the Year Ended 30 June 2013

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Directors' Report

For the Year Ended 30 June 2013

Your directors present their report, together with the financial statements of Oak Flats Bowling and Recreation Club Limited for the financial year ended 30 June 2013.

Directors

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

Names

John Noble	
George Cowling	
Phillip Buckley	
Kevin Grainger	
Donald Ryman	
Wendy Steyer	
Stirling Scard	Term ended 28th October 2012

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

Company secretary

Matthew O'Hara held the position of Club Secretary at the end of the financial year.

Matthew O'Hara has worked in the Club industry for 20 years, eleven years of which have been with the Oak Flats Bowling and Recreation Club. Matthew O'Hara is the Clubs NSW State Councilor for the Illawarra Shoalhaven region and a member of the CMA (Club Managers Association). Matthew O'Hara also holds a Bachelor of Business in Club Management from the Southern Cross University, an Executive Certificate in Event Management and an Executive Certificate in Corporate Governance. Matthew O'Hara is also currently studying a Diploma in Property Development. Matthew O'Hara is also CEO of the Club.

Principal activities

The principal activity of Oak Flats Bowling and Recreation Club Limited during the financial year was that of a licensed bowling and recreational Club in accordance with its objective and for the benefit of its members.

During the financial year Oak Flats Bowling & Recreation Club Amalgamated with the Illawarra Yacht Club in line with the Boards short and long term strategies in relation to risk management and long term sustainability.

Short term objectives

The entity's short-term objectives are to:

- Achieve the key company goals in the areas of People, Planet and Profit.
- Ensure the ongoing financial viability of the Club, remaining solvent and complying with the loan covenants required by the Commonwealth Bank.
- Adequately identify and quantify risk and employ appropriate mitigation strategies.

Long term objectives

The entity's long-term objectives are to:

- Continued application of the Principles of Good Corporate Governance.
- Maintain relevance and long term sustainability of the Club in the Community.

Directors' Report

For the Year Ended 30 June 2013

Principal activities continued

Strategy for achieving the objectives

To achieve these objectives, the entity has adopted the following strategies:

- Education of Board and Management of the Principles of Good Corporate Governance and the active pursuit of implementing strategy derived from these principles.
- Investment and education of key personnel and the Board ensuring the Board is exercising their duties as a Director responsibility, ethically and in the best interests of the Club as a whole.
- Maintaining and nurturing a Club culture focused on our customers our staff and our Community.

Information on directors

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

John Noble	Director / Chairman Audit Risk & Finance Committee
Qualifications	Retired Bank Manager
Experience	Director of Club for 15 years
George Cowling	Director / Vice Chairman / Chairman Disciplinary Committee
Qualifications	Retired Foreman
Experience	Director of Club for 12 years.
Phillip Buckley	Director / Chairman Sustainability Committee
Qualifications	Retired from Australia Post
Experience	Director of Club for 7 years
Kevin Grainger	Chairman of the Board
Qualifications	Retired Supervisor, BlueScope Steel
Experience	Director of Club for 6 years
Donald Ryman	Director / Chairman Mens Bowling Club
Qualifications	Wardsman, Wollongong Hospital
Experience	Director of Club for 5 years.
Wendy Steyer	Director
Qualifications	Retired Library Technician
Experience	Director of Club for 3 years.
Stirling Scard	Director/Vice Chairman Corporate Governance Committee
Qualifications	Retired Caravan Park Manager
Experience	Director of Club for 3 years (Ceased 28th October 2012)

Directors' Report

For the Year Ended 30 June 2013

Meetings of directors

During the financial year, 45 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Other Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John Noble	19	15	26	20
George Cowling	19	19	3	3
Phillip Buckley	19	17	21	19
Kevin Grainger	19	19	26	24
Donald Ryman	19	13	8	7
Wendy Steyer	19	16	11	11
Stirling Scard	7	6	2	2

The Club is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$2 (2012:\$2) each towards meeting any outstanding obligations of the entity.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2013 has been received and can be found on page 4 of the financial report.

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

Director:
John Noble

Director:
Kevin Grainger

Dated

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Oak Flats Bowling and Recreation Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013, 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.

LAWLER PARTNERS
Chartered Accountants

SCOTT TOBUTT
Partner

Level 9, 1 O'Connell Street, Sydney

Statement of profit or loss and other comprehensive income
For the Year Ended 30 June 2013

		2013	2012
	Note	\$	\$
Revenue	2	9,179,052	8,249,651
Other income	2	568,666	574,492
Gain on amalgamation	3	5,796,733	-
Net gain/(loss) on disposal of non-current assets	4	(31,088)	36,970
Gain from revaluation of Investment Properties	4	-	50,000
Raw materials and consumables used	4	(1,301,460)	(1,183,815)
Advertising expenditure		(21,585)	(18,264)
Donations		(128,006)	(129,353)
Equipment hire		(22,511)	(28,378)
Security		(120,857)	(98,440)
Repairs and maintenance		(289,003)	(261,545)
Rates and utilities		(247,142)	(183,209)
Postage, printing and stationery		(79,072)	(63,212)
Poker machine duty		(1,121,181)	(1,008,013)
Insurance expenditure		(136,867)	(123,525)
Entertainment and promotions		(803,364)	(759,118)
Employee benefits	4	(3,025,868)	(2,643,229)
Depreciation	4	(1,053,852)	(773,647)
Cleaning expenditure		(165,650)	(129,672)
Finance costs	4	(150,557)	(132,189)
Green and bowling expenses		(15,290)	(11,936)
Poker machine expenses		(86,897)	(69,879)
Computer and software expenses		(15,169)	(11,868)
Subscription and licence		(65,161)	(50,103)
Sub-club expenses		(14,079)	(12,094)
Consulting fees		(18,730)	(14,122)
Men's bowling club expenses		(78,644)	(89,761)
Women's bowling club expenses		(32,134)	(36,557)
Courtesy bus		(20,799)	(24,134)
Other expenditure		(268,244)	(131,206)
Sailing club expenses		(4,459)	-
Profit from continuing operations		6,226,782	923,844
Income tax expense		-	-
Profit for the year		6,226,782	923,844
Other comprehensive income			
Increase in revaluation reserve		-	118,272
Total comprehensive income for the year		6,226,782	1,042,116

Statement of Financial Position
As At 30 June 2013

		2013	2012
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	932,892	1,100,961
Trade and other receivables	6	13,666	16,458
Inventories	7	91,776	60,021
Other assets	8	174,752	70,694
TOTAL CURRENT ASSETS		1,213,086	1,248,134
NON-CURRENT ASSETS			
Property, plant and equipment	9	16,836,447	8,845,182
Investment property	10	930,000	930,000
Intangible assets	11	1,671,375	493,192
TOTAL NON-CURRENT ASSETS		19,437,822	10,268,374
TOTAL ASSETS		20,650,908	11,516,508
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,223,715	762,014
Borrowings	13	771,671	642,821
Employee benefits	14	439,528	229,419
Other liabilities	15	241,755	94,387
TOTAL CURRENT LIABILITIES		2,676,669	1,728,641
NON-CURRENT LIABILITIES			
Borrowings	13	2,664,703	868,171
Employee benefits	14	145,832	94,108
Other liabilities	15	143,085	31,751
TOTAL NON-CURRENT LIABILITIES		2,953,620	994,030
TOTAL LIABILITIES		5,630,289	2,722,671
NET ASSETS		15,020,619	8,793,837
EQUITY			
Reserves	16	118,272	118,272
Retained earnings		14,902,347	8,675,565
TOTAL EQUITY		15,020,619	8,793,837

Statement of Changes in Equity

For the Year Ended 30 June 2013

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2012	8,675,565	118,272	8,793,837
Profit attributable to members	6,226,782	-	6,226,782
Balance at 30 June 2013	14,902,347	118,272	15,020,619

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2011	7,751,721	-	7,751,721
Profit attributable to members	923,844	-	923,844
Revaluation increment	-	118,272	118,272
Balance at 30 June 2012	8,675,565	118,272	8,793,837

Statement of Cash Flows
For the Year Ended 30 June 2013

		2013	2012
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		10,294,346	9,152,472
Payments to suppliers and employees		(8,592,228)	(7,340,166)
Interest received		16,971	25,413
Finance costs		(150,557)	(132,189)
Net cash provided by/(used in) operating activities		<u>1,568,532</u>	<u>1,705,530</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		-	40,000
Payment for intangible asset		(319,516)	-
Payments for pre-amalgamation costs	3	(1,641,382)	-
Purchase of plant and equipment		(1,945,723)	(764,881)
Net cash used by investing activities		<u>(3,906,621)</u>	<u>(724,881)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		2,917,585	-
Repayment of borrowings		(747,565)	(602,877)
Net cash provided by/(used in) financing activities		<u>2,170,020</u>	<u>(602,877)</u>
Net (decrease)/increase in cash and cash equivalents held		(168,069)	377,772
Cash and cash equivalents at beginning of year		<u>1,100,961</u>	<u>723,189</u>
Cash and cash equivalents at end of financial year	5	<u><u>932,892</u></u>	<u><u>1,100,961</u></u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

The financial statements are for Oak Flats Bowling and Recreation Club Limited (the "Club") as an individual entity incorporated and domiciled in Australia. Oak Flats Bowling and Recreation Club Limited is a Club limited by guarantee.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

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

The financial statements 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.

(b) Income tax

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997. The income tax exemption has been claimed based on self assessment by the Club.

(c) 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 Tax 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. 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 financing and investing activities which is recoverable from, or payable to, the ATO is classified as a part of operating cash flows. Accordingly, investing and financing cash flows are presented in the statement of cash flows net of the GST that is recoverable from, or payable to, the ATO. Receivables and payables in the statement of financial position are shown inclusive of GST.

(d) Revenue and other income

The Club recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Oak Flats Bowling and Recreation Club Limited's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(d) Revenue and other income continued

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Provision of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest revenue

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

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

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

(e) 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 which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(f) Inventories

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

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

(g) Property, plant and equipment

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

Property

Freehold land and buildings are shown at their fair value based on periodic (at least triennial) valuations by external independent valuers, less subsequent depreciation for buildings.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(g) Property, plant and equipment continued

Property continued

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

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 profit or loss and other comprehensive income.

As the revalued buildings are depreciated, the difference between depreciation recognised in the statement of profit or loss and other 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.

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.

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 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 assets 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 buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Club commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Buildings	2.5%
Plant and Equipment	13 - 33%
Motor Vehicles	22.5%
Poker Machines	20 - 40%

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

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(h) Investment property

Investment property is held to generate long-term rental yields and future club grounds/buildings expansions. All tenant leases are on an arms length basis. Investment property is carried at fair value, determined by current market values. Changes to fair value are recorded separately as an income or expense items directly in the statement of profit or loss and other comprehensive income.

(i) Intangibles

Poker machine entitlements are initially recorded at cost. Poker machine entitlements have indefinite life and are tested annually for impairment and carried at cost less any accumulated amortisation and impairment losses.

(j) 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 Club 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.

(k) Borrowing costs

Secured and unsecured loans have been obtained. Carrying amounts represent amount expected to be repaid at settlement. Unsecured loans are considered to be repayable at call and therefore presented as current liabilities.

(l) Leases

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

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

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

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

(m) Employee benefits

Provision is made for the Club'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.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(m) Employee benefits continued

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 satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Contributions are made by the Club to an employee superannuation fund and are charged as expenses when incurred.

(n) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Club becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Club commits itself to either the purchase or sale of 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 expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. 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:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) 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
- (d) less any reduction for impairment.

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

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The Club does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(n) Financial instruments continued

(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, 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.

(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.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Club has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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 entity 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 in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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 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.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(o) Impairment of Assets

At the end of each reporting period, the entity 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 profit or loss and other comprehensive income.

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 a class of assets, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong

Where an impairment loss on a revalued asset is identified, this is debited 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.

(p) Comparative figures

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

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

(q) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the assets, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(r) 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 Club.

Key estimates - Fair value of Investment Property

The Investment Properties were independently valued at 30 June 2012 by Jackson and Company (NSW) Pty Ltd. The valuation was based on the market value. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of \$50,000 being recognised in the statement of profit or loss and other comprehensive income as other income for the year ended 30 June 2012. Directors have assessed that there have been no material movements in the value of land and buildings as at 30 June 2013.

Key judgments - Impairment of Property, plant and equipment

The Clubhouse Land and Building was independently valued at 30 June 2012 by Jackson and Company (NSW) Pty Ltd. The valuation was based on the market value. The critical assumption adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of \$118,272 being recognised in the Statement of Profit or Loss and Other Comprehensive Income as other comprehensive income for the year ended 30 June 2012. Directors have assessed that there is no significant increase or decrease in fair value of plant and equipment compared to the carrying value as at 30 June 2013 and therefore no impairment charge has been recognised.

Key estimates - Impairment of Intangibles

The recoverable amount of intangible assets was assessed by reference to the intangibles value-in-use. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period. The cash flows are discounted using a rate of 5% and an annual growth rate of 3%. Management believes that any reasonable possible change in key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount of intangible assets to exceed its recoverable amount. The assumptions used in the discounted cash flow model are tested against a sensitivity model (+/- 5%).

Key estimates - Income tax exempt status

The Directors of the Club have self assessed their ongoing exemption from income tax at 30 June 2013, as a sporting Club in accordance with Section 50-45 of the Income Tax Assessment Act 1997.

Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013	2012
	\$	\$
2 Revenue and Other Income		
Sales revenue		
- Bar income	1,575,751	1,499,933
- Poker machine income	5,985,869	5,319,045
- Catering income	1,526,730	1,334,612
- Rental income	43,590	43,445
- Sub-club income	5,607	2,809
- General bowls income	453	825
- Women's bowling club income	12,671	16,084
- Men's bowling club income	25,836	32,898
- Sailing income	2,545	-
	9,179,052	8,249,651
Other income		
- Commissions received	244,965	241,262
- Donation and sponsorship income	45,799	47,018
- Interest received	16,971	25,413
- Membership income	37,298	62,848
- GST compensation	18,639	17,180
- Social and entertainment income	185,514	167,319
- Other income	19,480	13,452
	568,666	574,492

Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013	2012
	\$	\$
3 Amalgamation with Illawarra Yacht Club		
On 30 April 2013, the Club amalgamated with Illawarra Yacht Club ("Yacht Club") under a Deed of Amalgamation pursuant to Division 1A of the Registered Clubs Act 1976. Under the amalgamation the Club acquired the assets and liabilities of the Yacht Club. In the two months to 30 June 2013, The Yacht Club contributed a net loss of \$121,209 to the net profit of Oak Flats Bowling and Recreation Club Limited.		
The following summarises the identifiable net assets of the Yacht Club which were acquired on 30 April 2013:		
Cash on Hand		120,096
Receivables & Other debtors		12,361
Inventory		27,318
Other Assets		28,362
Intangible Assets		858,667
Land & Buildings		6,450,000
Plant & Equipment		669,335
Motor Vehicles		13,000
Trade Creditors & Other Payables		(264,241)
Accruals and Other Liabilities		(214,926)
Interest Bearing Loans & Liabilities		(18,465)
Related Party Loans (OFBRC)		(1,641,382)
Other Liabilities		(32,778)
Employee Benefits		(210,614)
Net Identifiable Assets & Liabilities		<u>5,796,733</u>

Cash consideration for the acquisition was nil.

The negative goodwill arising on amalgamation, being the difference between consideration paid and the fair values of identifiable net assets, amounted to \$5,796,733. This gain has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

4 Result for the Year

The result for the year includes the following specific expenses

Raw materials and consumables used	1,301,460	1,183,815
Employee benefits	3,025,868	2,643,229
Finance costs	150,557	132,189
Depreciation	1,053,852	773,647
Gain from revaluation of Investment Properties	-	50,000
Net gain/(loss) on disposal of non-current assets	<u>(31,088)</u>	<u>36,970</u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

		2013	2012
		\$	\$
5 Cash and Cash Equivalents			
Cash on hand		316,487	259,385
Cash at bank		616,405	841,576
		932,892	1,100,961
Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		932,892	1,100,961
Bank overdrafts	13	(243,395)	(9,946)
Balance as per statement of cash flows		689,497	1,091,015
6 Trade and Other Receivables			
CURRENT			
Trade receivables		13,666	16,458
7 Inventories			
CURRENT			
At cost:			
Stock on hand		91,776	60,021
8 Other Assets			
CURRENT			
Prepayments		149,541	55,619
Other assets		25,211	15,075
		174,752	70,694

Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013	2012
	\$	\$
9 Property, Plant and Equipment		
LAND AND BUILDINGS		
Freehold land		
At valuation	3,150,000	1,900,000
	3,150,000	1,900,000
Building		
At valuation	10,054,777	4,775,001
Less: accumulated depreciation	(246,999)	-
	9,807,778	4,775,001
	12,957,778	6,675,001
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	168,730	215,386
Plant and equipment		
At cost	3,465,139	2,756,746
Less: accumulated depreciation	(2,065,554)	(2,158,924)
	1,399,585	597,822
Motor vehicles/sailing vessels		
At cost	245,570	150,070
Less: accumulated depreciation	(98,955)	(83,429)
	146,615	66,641
Poker machines		
At cost	5,103,578	4,063,120
Less: accumulated depreciation	(2,939,839)	(2,772,788)
	2,163,739	1,290,332
Total plant and equipment	3,878,669	2,170,181
Total property, plant and equipment	16,836,447	8,845,182

Notes to the Financial Statements

For the Year Ended 30 June 2013

2013
\$

2012
\$

9 Property, Plant and Equipment continued

(a) Movements in Carrying Amounts

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

	Freehold Land \$	Buildings \$	Plant and Equipment \$	Motor Vehicles/Sailing Vessels \$	Poker machines \$	Capital works in progress \$	Total \$
Balance at the beginning of year	1,900,000	4,775,001	597,822	66,641	1,290,332	215,386	8,845,182
Additions	-	79,776	723,263	-	981,050	159,795	1,943,884
Additions through amalgamation	1,250,000	5,200,000	142,126	95,500	444,700	-	7,132,326
Disposals - written down value	-	-	(3,812)	-	(27,276)	-	(31,088)
Transfers	-	-	144,001	-	62,450	(206,451)	-
Depreciation expense	-	(246,999)	(203,815)	(15,526)	(587,517)	-	(1,053,857)
Balance at 30 June 2013	3,150,000	9,807,778	1,399,585	146,615	2,163,739	168,730	16,836,447

(b) Valuations of land and buildings

The freehold land and buildings were independently valued at 30 June 2012 by an Independent Valuer. The valuation was based on this fair value, the critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

At 30 June 2013, the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers in 2012 and do not believe there has been a significant change in the assumptions at 30 June 2013. The directors therefore believe the carrying value of the land correctly reflects the fair value at 30 June 2013.

10 Investment Property

Balance at beginning of year	930,000	880,000
Fair value adjustments	-	50,000
Balance at end of year	930,000	930,000

Amounts recognised in Statement of Comprehensive Income for:

Rental Income from Investment Properties	43,590	43,445
Direct operating expenses arising from Investment Properties that generated rental income	(7,731)	(8,432)
Repairs and Maintenance Expenses	(8,233)	(6,350)
	27,626	28,663

Notes to the Financial Statements

For the Year Ended 30 June 2013

2013	2012
\$	\$

10 Investment Property continued

Pursuant to Section 41J of the Registered Clubs Act 1976 (the "Act"), the Board has approved and agreed to classify the following property as core or non-core as defined by the Act:

- Core Property is specified as the club house, bowling greens, car park and property contained in the consolidated land title under which these areas are held. These are classified as property, plant and equipment in the Statement of Financial Position.

- Non-Core Property is specified as the residential houses owned by the Club from time to time and includes, but is not limited to numbers 9, 11 and 13 Devonshire Crescent. These are classified as investment property in the Statement of Financial Position.

"Investment property" shown above is investments in residential properties at Devonshire Crescent, Oak Flats. The fair value model is applied to all investment property. Investment property fair values are reviewed by the directors on an annual basis and independent valuations are conducted where the directors believe the value has changed significantly. Where changes in the fair value arise as a result of the revaluation, the difference is taken to the Statement of Profit or Loss and Other Comprehensive Income as an income or expense item.

The Investment Properties were independently valued at 30 June 2012 by Jackson & Company (NSW) Pty Ltd. The valuation was based on the market value and resulted in a revaluation increment of \$50,000 being recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2012.

At 30 June 2013, the directors have performed a directors' valuation on the investment properties. The directors have reviewed the key assumptions adopted by the valuers in 2012 and do not believe there has been a significant change in the assumptions at 30 June 2013. The directors therefore believe the carrying value of the investment properties correctly reflects the fair value at 30 June 2013.

11 Intangible Assets

Poker machine entitlements

Cost	1,671,375	493,192
		\$

Year ended 30 June 2013

Balance at the beginning of the year	493,192
Additions	319,516
Additions through amalgamation	858,667
Closing value at 30 June 2013	<u>1,671,375</u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

		2013 \$	2012 \$
12 Trade and Other Payables			
CURRENT			
Unsecured liabilities			
Trade payables		728,790	414,417
Other payables		352,567	244,784
GST payable		142,358	102,813
		<u>1,223,715</u>	<u>762,014</u>
13 Borrowings			
CURRENT			
Secured liabilities:			
Bank overdraft		243,395	9,946
Finance lease obligation	17	-	66,479
Bank loans		528,276	566,396
		<u>771,671</u>	<u>642,821</u>
NON-CURRENT			
Secured liabilities:			
Bank loans		2,664,703	868,171
		<u>2,664,703</u>	<u>868,171</u>
(a) The carrying amounts of non-current assets pledged as security are:			
First Mortgage:			
- freehold land and buildings		13,887,778	7,605,001
Floating charge:			
- other assets		6,763,128	3,911,507
		<u>20,650,906</u>	<u>11,516,508</u>
Bank loans are secured by registered equitable mortgages over the Club's assets (including investment properties) and undertakings.			
(b) Bank loan facilities			
Unrestricted access was available at reporting date to the following lines of credit:			
Commercial bills		4,790,106	879,896
Used at balance date		(2,697,337)	(879,896)
Unused at balance date		<u>2,092,769</u>	<u>-</u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013	2012
	\$	\$
14 Employee Benefits		
CURRENT		
Long service leave	125,132	60,631
Provision for employee benefits	314,396	168,788
	439,528	229,419
NON-CURRENT		
Long service leave	89,357	67,637
Provision for employee benefits	56,475	26,471
	145,832	94,108

Movement in carrying amounts

	Annual Leave	Long Service Leave	Rostered Leave	Sick Leave	Total
	\$	\$	\$	\$	\$
Opening balance at 1 July 2012	137,256	176,063	3,383	6,825	323,527
Additional provisions during the year	198,366	70,131	20,305	12,699	301,501
Provisions brought to account on amalgamation	89,293	88,490	4,981	-	182,764
Amounts used	(171,519)	(35,974)	(10,802)	(4,137)	(222,432)
Balance at 30 June 2013	253,396	298,710	17,867	15,387	585,360

15 Other Liabilities

CURRENT		
Secured		
Gaming machines liability	188,198	54,666
Unsecured		
Members subscriptions received in advance	47,307	39,721
Other liability	6,250	-
	241,755	94,387
NON-CURRENT		
Secured		
Gaming machines liability	143,085	31,751

Gaming machines liabilities are related to poker machines acquired on hire purchase.

Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013	2012
	\$	\$
16 Reserves		
Revaluation surplus		
Opening balance	<u>118,272</u>	<u>118,272</u>
17 Capital and Leasing Commitments		
(a) Finance lease commitments		
Payable - minimum lease payments:		
- no later than 1 year	188,198	121,145
- between 1 year and 5 years	143,085	31,751
Present value of minimum lease payments	<u>331,283</u>	<u>152,896</u>
Finance leases have been taken out for gaming machines.		
(b) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- no later than 1 year	3,516	3,516
- between 1 year and 5 years	7,032	10,548
	<u>10,548</u>	<u>14,064</u>

18 Contingent Liabilities and Contingent Assets

The Club has a security deposit of \$5,000 held with the Commonwealth Bank of Australia with respect to the Totalisator Agency Board and \$4,000 held with respect to the Shellharbour City Council.

No other contingent liabilities or assets are held at 30 June 2013.

19 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the Club is \$ 411,216 (2012: \$ 398,692).

20 Related Party Transactions

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

There were no transactions with related parties during the financial year.

21 Financial Risk Management

The main risks Oak Flats Bowling and Recreation Club Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013	2012
	\$	\$

21 Financial Risk Management continued

The Club's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts, bills 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:

Financial Assets

Cash and cash equivalents	5	932,892	1,100,961
Trade and other receivables	6	13,666	16,458

Total financial assets

	946,558	1,117,419
--	----------------	------------------

Financial Liabilities

Financial liabilities at amortised cost

Trade and other payables	12	1,223,715	762,014
Borrowings	13	3,436,374	1,510,992
Other liabilities	15	384,840	126,138

Total financial liabilities

	5,044,929	2,399,144
--	------------------	------------------

22 Events after 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 Club, the results of those operations, or the state of affairs of the Club in future financial years.

23 Members' Guarantee

The Club is limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$ 2 each towards meeting any outstandings and obligations of the Club. At 30 June 2013 the number of members was 19,834 (2012: 11,647).

24 Club Details

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

Oak Flats Bowling and Recreation Club Limited
Cnr Kingston and David Streets
Oak Flats NSW 2529

Directors' Declaration

The directors of the Club declare that:

- 1. The financial statements and notes, as set out on pages 5 to 26, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirement; and
 - b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Club.
- 2. In the directors' opinion, there are reasonable grounds to believe that the Club 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.

Director
John Noble

Director
Kevin Grainger

Dated

Independent Audit Report to the members of Oak Flats Bowling and Recreation Club Limited

Report on the Financial Report

We have audited the accompanying financial report of Oak Flats Bowling and Recreation Club Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other 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 Club are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards- Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 control relevant to the Club's preparation 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 Club'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 Oak Flats Bowling and Recreation Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Independent Audit Report to the members of Oak Flats Bowling and Recreation Club Limited

Opinion

In our opinion the financial report of Oak Flats Bowling and Recreation Club Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Club's financial position as at 30 June 2013 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*.

LAWLER PARTNERS
Chartered Accountants

SCOTT TOBUTT
Partner

Level 9, 1 O'Connell Street, Sydney

OAK FLATS BOWLING & RECREATION CLUB LIMITED

STATEMENT I PRIVACY

Oak Flats Bowling & Recreation Club is subject to the provisions of the Privacy Act 1988.

The personal information provided by you on membership application and/or renewal forms and any attached documents will be used to process your membership or renewal application. You have a right to access and correct any of your personal information that Oak Flats Bowling & Recreation Club Limited holds about you. Your personal information, including information about you obtained as a result of placing or swiping your membership card in any electronic card reading device (not ATMs) may be used by Oak Flats Bowling & Recreation Club for marketing purposes to improve our services and to provide you with the latest information about those services and any new related service.

17	Geographical Boundary of the Club and three adjoining houses	22
18	Greenhouse Gas Emissions 2012-13	22
19	Total Carbon Emissions by Scope	23
20	Total Carbon Emissions by Source	23
21	Member Carbon Off-set Program	23
22	Waste Management Stream 2012-13	24
23	Club Grants Program Category 4 Funding	25
24	Environmental Protection and Investment Expenditure	26
25	Male vs. Female Basic Salary Ratio and Employment Type Ratio Comparison	27
26	Paid Parental Leave 2012-13	27
27	GRI Reporting Disclosures	31

Oak Flats Bowling & Recreation Clubs Sustainability Report 2012-13 has been developed in accordance with the requirements of a GRI G3.1 Application Level C Report. It is the intention of the organisation to successively progress through the various levels of the GRI Reporting Framework annually, increasing complexity with the amount and variation of Performance Indicators utilised.

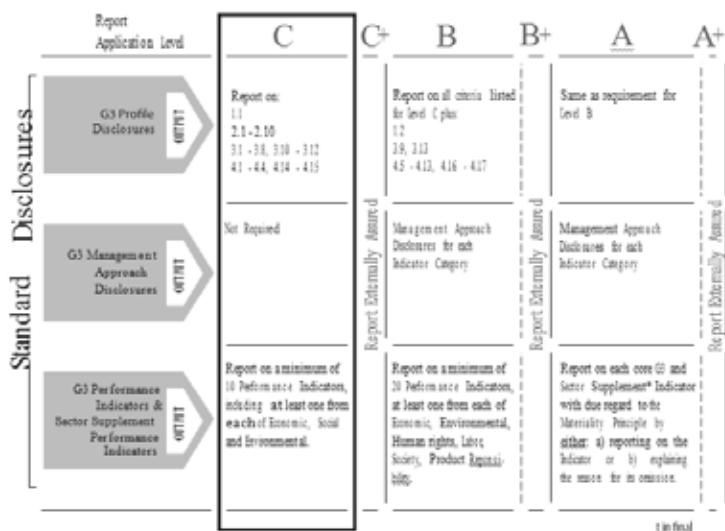


Figure 27: GRI Reporting Disclosures

	impacts on biodiversity	
EN16	Total direct and indirect GHG emissions by weight	20
EN18	Initiatives to reduce GHG emissions and reductions achieved	20
EN22	Total weight of waste by type and disposal method	24
EN30	Total environmental protection expenditures and investments by type	26
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	9
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	27
LA15	Return to work and retention rates after parental leave, by gender	27
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5	Employee Age Distribution	9
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7	Member Age Bracket Distribution	11
8	Member Residential Distribution by Post Code	11
9	Members of the Sustainability Team	13
10	OEH SA Recognition Program Event	15
11	Sydney Morning Herald 17 th of November 2012	16
12	Illawarra Mercury 5 th of October 2012	17
13	OEH SA June 2013 e-Bulletin	18
14	Economic Value	19
15	Electricity and Gas Ratio 2012-13	20
16	Heat Reflective Awning	20

3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities	5
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	N/A
3.11	Significant changes from previous reporting periods	N/A
3.12	GRI content index	28
4. Governance, Commitments & Engagement		
4.1	Governance structure of the organisation	5
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	5
4.3	State the number of members of the highest governance body who are independent and / or non-executive members	5
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	8
4.14	List of stakeholder groups engaged by the organisation	12
4.15	Basis for identification and selection of stakeholders with whom to engage	12
5. GRI Performance Indicators		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	19
EC4	Significant financial assistance received from the government	19
EN3	Direct energy consumption by primary energy source	20
EN4	Indirect energy consumption by primary source	20
EN5	Energy saved due to conservation and efficiency improvements	20
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	20
EN8	Total water withdrawal by source	24
EN10	Percentage and total volume of water recycled and reused	24
EN14	Strategies, current actions, and future plans for managing	25

GRI Content Index

The GRI Content Index below demonstrates Oak Flats Bowling & Recreation Clubs commitment to meeting the requirements for an Application Level C self-assessed Sustainability Report.

GRI Content	GRI Content Description	Page
1. Strategy & Analysis		
1.1	Statement from the senior decision maker	2
2. Organisational Profile		
2.1	Name of the organisation	3
2.2	Primary brands, products and / or services	3
2.3	Operational structure of the organisation	3
2.4	Location of organisations headquarters	3
2.5	Number of countries where the organisation operates	3
2.6	Nature of ownership and legal form	3
2.7	Markets served by the organisation	3
2.8	Scale of the reporting organisation	3
2.9	Significant changes during the reporting period	3
2.10	Awards received in the reporting period	15
3. Report Parameters		
3.1	Reporting period	4
3.2	Date of most recent previous report	4
3.3	Reporting cycle	4
3.4	Contact point for questions	4
3.5	Process for defining report content	4
3.6	Boundary of the report	4
3.7	Any specific limitations on the scope or boundary of the report	5

Social Performance

Employment Category	Basic Salary Ratio Male vs. Female	Employment Type Ratio Male vs. Female
Full Time	1.5 : 1	1.3 : 1
Part Time	1 : 1.2	1 : 2.4
Casual	1 : 1.8	1.1 : 1

Figure 25: Male vs. Female Basic Salary Ratio and Employment Type Ratio Comparison

In accordance with the *National Employment Standards* (NES), staff members who have been employed for more than 12 months are entitled to paid parental leave. Table 25 outlines how many staff were entitled for paid parental leave as well as how many staff members commenced or returned from parental leave.

Gender	Eligible	Ineligible	Commenced	Returned
Male	40	7	0	0
Female	57	19	4	2
TOTAL	97	26	4	2

Figure 26: Paid Parental Leave 2012-13

Environmental Protection Expenditure & Investments

Coupled with dedication from the Board of Directors and Management team, the Club has established a number of investment and expenditure streams to support environmental protection, which ultimately demonstrate the Clubs on-going commitment to improved sustainability performance and the long term delivery of sustainability outcomes.

Furthermore, data on environmental performance measured against environmental mitigation and protection expenditures offers insights into how effectively the organisation is using resources to improve performance.

Area of Expenditure	Expenditure
Waste disposal	\$12,900.79
Purchase and use of emissions certificates +	\$2,507.00
External services for environmental management	\$24,067.72
Staff training^	\$22,373.68
Programs & initiatives	\$13,000.00
Projects*	\$632,677.32
TOTAL	\$707,526.51

+ At the time of printing the credits purchase price for 2012-13 was estimated

^ Expenditure within this sub-category is for all areas of staff training, not just environmental protection and investment

* The Projects sub-category relates to capital expenditure

Figure 24: Environmental Protection and Investment Expenditure

The Club has engaged external consultants, including Rana Environmental, to maintain guidance and momentum towards added achievements in sustainability.

While the efforts of the Club to reduce resource consumption and waste generation, and more broadly to improve sustainability performance, are well recognised as leading the Club industry in NSW, efficiency indicators such as consumption per patron have yet to be formally benchmarked against other Clubs. Benchmarking performance and the development of robust efficiency indicators will be an integral component of the Clubs activities within 2013-14.

The Club completed the installation of an enclosure to house 36 chickens, which resulted in 100% of food waste being processed on site. This is an outstanding outcome as it was initially anticipated that the chickens would only be able to accommodate eating a portion of the total food waste. Indeed, some staff members have brought food from home to supplement their intake needs.

The processed food waste (manure) is utilised as organic fertiliser in the Club's Staff Garden and the eggs, of which the Club produces approximately 150 per week, are utilised within the Club's food service areas.

During construction of the chicken enclosure, the use of reused materials was of a high priority and resulted in items such as lawn mower catchers from the recycling centre being used for the chicken lay boxes.

Accordingly, a set of Standard Operating Procedures (SOP's) have been developed to guide staff in the daily, weekly, monthly and annual maintenance of the chook run. This has allowed staff to gain valuable skills in maintaining fowl as well as raising awareness about the potential to reduce waste as many staff have brought food scraps to work to cater for the chooks appetite.

Biodiversity

Oak Flats Bowling & Recreation Club is a community networking partner for Conservation Volunteers Australia (CVA). Within this capacity the Club has been liaising with the Illawarra Shoalhaven ClubsNSW to promote sustainability related volunteer participation amongst the various clubs. Such an initiative has the potential to showcase the diversity of Club Industry support and commitment in the community.

Through Category 4 funding, the Club has engaged with Corpus Christi High School in Oak Flats, providing financial support to run a permaculture class for 20 environmental students modelled on the MPG Program to complement the school's environmental program. In addition, funding has been provided for a Year 7 program called 'Global Inequalities' which involves students spending time in the gardens at school in an additional permaculture course.



Figure 23: Club Grants Program Category 4 Funding

The Club has also engaged with Oak Flats High to provide financial assistance to support TAFE permaculture classes, Shellharbour City Council *Introduction to Permaculture* classes and volunteer opportunities through Conservation Volunteers Australia.

Staff have elected to make regular contributions to CVA with a voluntary deduction from their pay. CVA tins have been placed around the Club for the purpose of collecting donations.

Water Consumption

Following a successful 44% reduction in water consumption in 2011-12 versus an ambitious reduction target of 50% by 2011-12 from the 2006-07 baseline year, the Club has developed a new reduction target which reflects the fact that the Club has already achieved significant savings and additional reductions will be limited.

In response, the Club has established the new reduction target of 7.5% by 2015-16 from the 2011-12 baseline year. In addition, the Club has established a set of efficiency indicators, including water consumption per catering income and per meals served, to support analysis of operational efficiency.

In 2013-14, the Club will endeavour to accurately record the number of patrons visiting the Club in order to establish an efficiency indicator for *water consumption per patron*.

The total amount of potable water consumed across all areas of operation during the reporting period was 3,690kL (3,690m³), an increase of 11% on the previous reporting year,

Water Savings

The Club currently has 185,000L of rain water harvesting capacity installed across seven strategically placed tanks. Water from these tanks are utilised for the irrigation of two bowling greens and landscaping, all toilet and urinal flushing requirements of the Club, as well as for the washing machines.

During the reporting period, the Club installed sub-meters on each water tank so as to establish a better understanding of the breakdown of potable versus harvested water consumption on site, and to facilitate refined control and efficient use of waste resources.

Sub-metering revealed that 16% of the total sites water consumption is sourced from rainwater harvesting, and that 65% of greens and landscaping irrigation is sourced from rainwater harvesting.

Waste Management

The total amount of waste generated by the Club equated to approximately 444m³, noting that this volume assumes that all collection vessels were full at the time of collection and as such is considered a potential maximum. This equates to a total waste volume decrease of 9% on the previous reporting period and a diversion rate 48% of waste from landfill per annum. It should however be noted that 100% of food waste is processed on site and hence the diversion rate can be considered as a minimum.

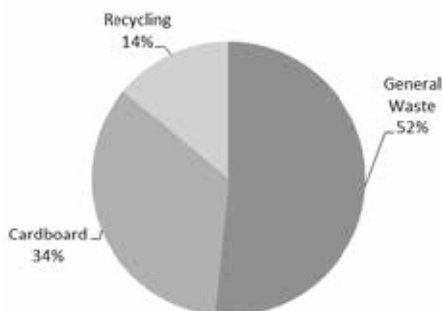


Figure 22: Waste Management Stream 2012-13

Purchased electricity is the carbon hotspot of Oak Flats Bowling & Recreation Club’s operations and therefore presents the greatest opportunity to reduce carbon emissions. A 3% reduction in purchased electricity GHG emissions was achieved during the reporting period. The largest percentage decrease in GHG emissions from the baseline year was attributed to purchased LPG while the largest percentage decrease was attributed to air travel.

Oak Flats Bowling & Recreation Club is a member of the Carbon Trade Exchange and it is through this platform the Club purchases carbon credits which have received a high level of verification and accreditation. The current portfolio includes a mix of credits from a variety of projects including several from India, Australia and New Zealand and America.

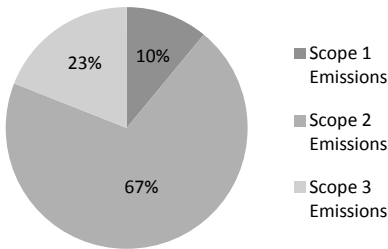
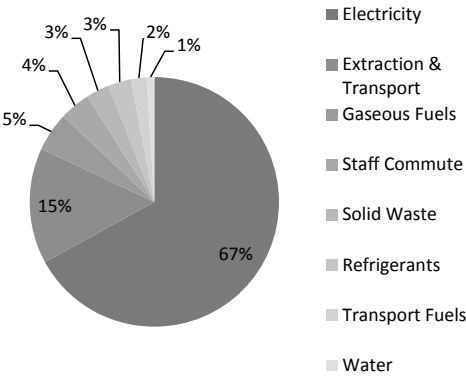


Figure 19: Total Carbon Emissions by Scope

All credits purchased are for the purpose of offsetting carbon produced in the 2012-13 financial year. As such, the credits are retired shortly after purchase so that carbon neutrality can be claimed. For future years, credits will be purchased and retired annually.

Oak Flats Bowling and Recreation Club did not report emissions under the *National Greenhouse and Energy Reporting (NGER) Act* as it is not a mandatory requirement.

The Club purchased an additional 10% of carbon credits of all scope 3 emissions to allow for a margin of error in calculations and to account for emission sources for which emission factors are not currently available.



The Club has engaged its members in the carbon off-set program by inviting the option of contributing an additional \$1 upon their membership renewal fee, with the Club then contributing the balance of funds required for the purchase of off-sets.

During the reporting period, 862 Oak Flats Bowling & Recreation Club members took up the offer and the option has been extended to Illawarra Yacht Club membership in 2013-14.

Figure 21: Member Carbon Off-set Program






-  Operational boundary
-  Oak Flats Bowling & Recreation Club
-  Residential properties

Figure 17: Geographical Boundary of the Club and Adjoining Houses

Emission Source	Tonnes of CO ₂ -e
Scope 1	
Purchased E10 for company vehicle and company ute	7.90
Purchased diesel for OFBRC courtesy buses	14.84
Purchased ULP for Greens equipment – stationary	0.64
Purchased LPG	0.05
Purchased natural gas	54.19
Leakage of refrigerants	41.58
<i>Total Scope 1</i>	<i>119.20</i>
Scope 2	
Purchased electricity	796.87
<i>Total Scope 2</i>	<i>796.87</i>
Scope 3	
E10 and ULP extraction and transport – stationary	0.63
Diesel extraction and transport	1.13
LPG extraction and transport	0.005
Natural gas extraction and transport	14.99
Extraction, transport, transmission and distribution losses for purchased electricity	163.00
Waste going to landfill	37.87
Purchased paper	1.51
Air travel	7.91
Employees commuting	44.89
Water	8.63
<i>Total Scope 3</i>	<i>280.60</i>
Total Emissions	1,196.66

Figure 18: Greenhouse Gas Emissions 2012-13

This commitment is being made voluntarily to reduce impacts of climate change, meet community expectations and demonstrate leadership.

In August 2012, the Club became the first club in Australia to be certified Carbon Neutral, under the *National Carbon Offset Standard (NCOS)*, by Low Carbon Australia. As a result, the Club joined an exclusive group of approximately 30 Australian businesses certified as Carbon Neutral, under the NCOS, including Qantas, ANZ Bank and GPT Group.

Sustainable Business Consulting was again engaged to determine the organisational and operational boundary of Oak Flats Bowling & Recreation Club, which is based on the Green House Gas (GHG) Protocol's *Corporate Accounting and Reporting Standard 2004*. This boundary includes all scope 1 and 2 emissions, as well as a range of scope 3 emission sources.

The Club followed the operational control approach for consolidating GHG emissions throughout the organisation, as defined by the GHG Protocol. The boundary for the reporting of scope 1, 2 and 3 carbon emissions are the Club facilities only. This covers the clubhouse and bowling greens located at 1 Kingston Street, Oak Flats. The operational boundary includes:

- Transport emissions (plus upstream transport emissions)
- Stationary energy emissions (plus upstream emissions)
- Refrigerant loss (including both HFCs and CFCs)
- Electricity consumption (including upstream emissions)
- Scope 3 emissions from business travel, waste, paper and employee commuting

Excluded are emission sources deemed either to be outside of Oak Flats Bowling & Recreation Club's operational control, or being immaterial in comparison to the total footprint, including:

- Residential properties
- Vehicle HFC leakage (immaterial)
- Courier services
- Embedded emissions in food and beverage purchases
- Business travel accommodation (immaterial)
- Taxi travel (immaterial)

Figure 17 shows the geographical boundaries of the Club and the three houses that are owned by the Club.

Emissions factors have been derived from *National Greenhouse Accounts Factors*, dated July 2011, while emission factors for paper and air travel emissions have been sourced from the Environmental Protection Agency (EPA) Victoria.

The Clubs total carbon footprint has been calculated to be 1,196.66 tonnes CO₂-e, consisting of the Scope 1, Scope 2 and Scope 3 emissions outlined in figure 18, and represents a 1% reduction from the 2011-12 baseline GHG emissions reporting year.

Energy Consumption – Direct

The total amount of gas consumed at the Club was 1,022,745MJ (1,022GJ), a decrease of 7% on the previous reporting period and a 5% reduction since the 2009-10 baseline year.

Energy Consumption – Indirect

The total amount of electricity consumed at the Club was 905,529kWh (3,260GJ), a decrease of 3% on the previous reporting period and a 12% reduction since the 2009-10 baseline year.

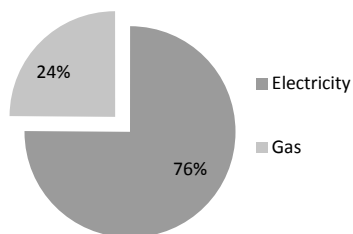


Figure 15: Electricity and Gas Ratio 2012-13

Energy Savings

In December 2012, the Club commissioned a new centralised Heating, Ventilation and Air Conditioning (HVAC) system, including installation of an awning along the north-facing Sports Bar window to reduce heat load (Figure 16). The upgrade included the replacement of existing air cooled packaged units with built up type chilled / hot water air handling units. The project represents a \$650,000 commitment to reduce energy consumption, and is estimated to minimise electricity consumption by 14% and greenhouse gas emissions by 115 tonnes per annum.



Figure 16: Heat Reflective Awning

In addition, the Club attended seminars focussing upon *Energy Efficiency in Commercial Lighting* and *Energy Efficiency in Commercial Refrigeration*.

The Club did not generate nor purchase any renewable energy within the reporting period. Alternatively, the Club engaged a carbon emissions specialist to quantify and verify greenhouse gas emissions associated with the Clubs operations, so as to continue the Club's Carbon Off-Set Program for the second year running.

Greenhouse Gas Emissions

Oak Flats Bowling and Recreation Club continued its commitment to be certified carbon neutral through the process of calculating emissions, undertaking emissions reduction measures and subsequently offsetting remaining emissions. The reporting period represents the second consecutive year that the Club has off-set emissions.



5. Performance Indicators

Economic Performance

Direct Economic Value Generated	
Net Revenue	\$9,747,759
Profit on Amalgamation	\$5,796,733
Economic Value Distributed	
Operating Costs	\$4,462,838
Employee Benefits & Wages	\$3,025,868
Payments to Providers of Capital	\$150,557
Payments to Government: Tax / Excise / Levies	\$1,550,400
Donations (Financial Year)	\$129,354
Economic Value Retained	\$6,226,782

Figure 14: Economic Value

Government Assistance

The Club completed a Level 3 Energy Audit via the OEH Energy Saver Program in August 2011. Following a recommendation of the Energy Audit, the Club engaged a Heating, Ventilation and Air Conditioning (HVAC) specialist in by way of the OEH *Implementation Support Program*, for the design and tender specification of a centralised HVAC system, as well as measures to improve the insulation of the building envelope that will reduce the sites electricity consumption. The *Implementation Support Program* funded 30 hours of the specialists' time.

Environmental Performance

The environmental performance indicators refer only to Oak Flats Bowling & Recreation Club. Illawarra Yacht Club performance will be included within all future Annual Sustainability Reports, as well as total 'corporate' performance.

During the course of the reporting period, the Club has adopted the Resource Tracker Tool (referred to as Sustainability Performance Monitoring System) for monitoring sustainability performance and has utilised its capabilities to develop renewed targets and KPI's.



Oak Flats Bowling and Recreation Club in Shellharbour might be considered a modest community club, but don't let size deceive you. It has recently been awarded Gold Partner status through the Sustainability Advantage Program for its outstanding environmental achievements and leadership in sustainability. It is also the first club in Australia to be certified Carbon Neutral, under the [National Carbon Offset Standard](#).

The club has been a member of Sustainability Advantage since 2009 and through improved resource efficiencies and staff engagement has made significant environmental gains.

The club cut its electricity consumption by 13 per cent, reduced water use by 25 per cent and reduced the amount of waste going to landfill by over 51 per cent, resulting in \$144,785 savings.

Oak Flats demonstrate how ambitious goals can be achieved by starting with small changes. By looking at how they could reduce the amount of waste the club produced they eliminated some bottled beer products; serving it only on tap led to the elimination of glass and cardboard waste.

Other changes included installing a synthetic bowling green to reduce water use and maintenance costs, installing 185,000L of rainwater harvesting tanks to irrigate other greens and flush toilets, and switching to energy efficient lighting.

The club even looked at how they could run a more sustainable kitchen. It now keeps 36 chickens to process food waste and uses the eggs in the club kitchen, along with produce from their staff vegetable garden.

Matt O'Hara, CEO, is a strong champion for the club's sustainability program: "To us sustainability is not just a program or a policy, sustainability is part of our values.

Strong leadership and guidance provided by the club's Sustainability Committee, has fostered a culture with sustainable practices at its core, where staff participation in environmental initiatives is strongly encouraged and supported. The implementation of a Sustainability Action Plan has also firmly positioned sustainability at the forefront of business operations.

Figure 13: OEH SA June 2013 e-Bulletin



An Oak Flats venue has been declared Australia's first carbon-neutral club after more than 10 years working towards the status.

Oak Flats Bowling and Recreation Club recently bought \$3400 in carbon offsets to bring its emissions to zero.

The purchase followed a spate of environmentally-friendly changes including installing a synthetic bowling green to reduce water and maintenance costs and putting the beer on tap, eliminating unsustainable bottles and cardboard boxes.

Some of the biggest reductions in carbon emissions came from twice replacing the club's lighting system as new, efficient products came on the market.

Club CEO Matt O'Hara said such changes were made with the help of a forecaster and had resulted in huge cost savings in several areas.

The club saves \$15,000 in garbage collection costs each year since introducing recycling, cutting total rubbish from 12.5 cubic metres to nine cubic metres and eliminating one of three weekly collections.

Further savings were expected to result from a new \$650,000 air conditioning plant, purchased after the club recorded a record, \$900,000 profit, Mr O'Hara said.

Low Carbon Australia, which administers the Carbon Neutral Program on behalf of the Australian Government, certified the venue against the National Carbon Offset Standard and declared it the first club in Australia to earn the status.

Mr O'Hara said the club would soon house a pen full of chickens to process food waste and further cut the garbage collection bill.

Figure 12: Illawarra Mercury 5th October 2012



The Club was named a finalist as the ClubsNSW Clubs & Community Ambassador 2013 and nominated as a finalist in the Green Globe – Small Business Sustainability Award and Regional Sustainability Award 2013.

GREEN GLOBE
AWARDS 2013

The Club's leadership in sustainability was recognised in the media, including the Sydney Morning Herald (figure 11), Illawarra Mercury (figure 12) and in the June 2013 edition of the OEH, Sustainability Advantage e-bulletin (figure 13).



In a region known for its steelworks and heavy manufacturing, a local bowling club has been quietly forging an environmental campaign.

The groomed bowling lawns of Oaks Flats Bowling Club have been replaced by synthetic ones, fluorescent lighting has been swapped for energy-saving light bulbs, the club's food scraps are fed to chickens, plastic straws have been switched to biodegradable straws and perhaps the most controversial move: bottled beer has been replaced by kegs.

Over eight years, these gradual changes have led the federal government agency Low Carbon Australia to declare Oak Flats as the first registered club to be recognised as carbon neutral.

The chief executive of the club, Matt OHara, puts the achievement down to education and staff initiatives.

Staff, who were trained in an eight-week TAFE course, had to start explaining to disgruntled bowling members why they should swap their bottled beer for a glass, Mr OHara said.

The club chairman, Kevin Grainger, said it was important for the club board to show it was "fair dinkum" about creating environmental change.

Figure 11: Sydney Morning Herald 17th of November 2012

The Club highlights successes on its website encouraging other businesses to be proactive. In addition, the Club provides site tours to showcase what is possible through sustainable business management. The webpage has been designed to be interactive by openly inviting enquiries and site tours as well as encouraging feedback and ideas on how sustainability can continue to shape the future of the Club http://www.ofbrc.com.au/index.php/page/sustainability_initiatives

Further learning, collaboration and knowledge share is taking place via the Club's membership of the *Illawarra Sustainable Clubs Alliance*.

Awards & Recognition

Building upon the Club's success of being the first business within the Illawarra, and the first club within NSW, to attain Silver Membership of the Office of Environment & Heritage (OEH) *Sustainability Advantage (SA) Recognition Program*, the Club became one of only five businesses in NSW to attain Gold Membership of the OEH SA Recognition Program. The Club will now aim to be the first business to reach Platinum Membership.



Figure 10: OEH SA Recognition Program Event

In 2012-13 the Club achieved national recognition for its commitment to sustainability by winning the prestigious Australian Business Awards - Environmental Sustainability category, cementing the clubs reputation as a leading practitioner of sustainability. The award category had a strong emphasis on not only the completion of sustainable projects and initiatives but also the strategic integration of sustainability into the very fabric of an organisation.



The Club has built a solid reputation within the club industry as a leading practitioner of sustainability, allowing sustainability to gain traction within other clubs and see the industry shift and transform towards a new paradigm of management.

CEO Matt OHara was invited to speak at the ClubsNSW national conference in October 2012 on sustainability initiatives in light of the Club becoming the first club in Australia to become carbon neutral.

In February 2013 Matt attended a round table discussion with Vivienne Skinner, adviser at Office of the Minister for Transport and Infrastructure regarding the sustainability movement within clubs.

The Club's CEO was interviewed on Sky Channel 'ClubNews' on the 8th of August 2012 <http://www.youtube.com/watch?v=bcJmMwRzVxY&feature=youtu.be>

The Club's *Community Engagement Plan* details the key initiatives to be undertaken by the Board and Management to ensure the Clubs *Community Orientated Values* are demonstrated and communicated to the broader community. The pursuit of excellence in community engagement strategies is aimed at contributing to the overarching achievement of the Clubs vision and mission. The *Community Engagement Plan* seeks to achieve the following five goals:

1	Establish a policy framework and guidelines to administer the Clubs Community Engagement plan.
2	To promote the values of Oak Flats Bowling & Recreation Club to the wider community and increase awareness and understanding of the considerable contribution OFBRC makes to the social fabric of the region.
3	Establish links with key community stakeholders with compatible community values, capable of partnering with Oak Flats Bowling & Recreation to achieve the positive community outcomes.
4	Provide opportunities for diversified participation in the grants program and cross promotion with the Clubs Sustainability Plan and Staff Engagement Plan.
5	To measure the key areas of the community engagement program to determine the communities' perception of the role Oak Flats Bowling & Recreation plays in the community.

The Clubs 10,693 members are engaged through a quarterly newsletter and the Club periodically engages the community through the media.

The Club is proactive in engaging with its supply chain to encourage improved sustainability performance and to also ensure that the Club aligns with product and service providers with a similar regard for sustainability.

In addition, sustainability is a key criterion in the Club's contract tender review process, being utilised to weigh up the recommendation of future suppliers.

Through the process of identifying these groups, the Club will be better placed to engage and seek input from its stakeholders in the future, and ultimately provide a broader and more accepting range of services.

To date, the strategy of engaging staff and the club industry in sustainability has proven to have delivered the Club's greatest successes. Coupled with regular education and training, the Club has experienced a cultural shift that sees staff operate in 'waste minimisation' mode and gain the confidence to offer ideas for continual improvement. Furthermore, they are ambassadors for sustainability within the community and wider Club industry.

Sustainability engagement strategies within the organisation are driven by the Club's seven-member Sustainability Team (figure 9) which is composed of staff members from across a broad range of functions.



Figure 9: Members of the Sustainability Team

An *Employee Performance Agreement* has been established for senior staff which sets out clear directives for addressing sustainability and is in turn reflective of the Clubs *Staff Engagement Action Plan* (SEAP).

Staff Engagement programs and initiatives are guided by the Club's *Staff Engagement Action Plan* (SEAP) 2012-13 which embraces the mission '*To engage the Board and Staff to become genuine environmental champions and as such achieve the Club goals and objectives*'.

For example, the Club has a Buddy Program as an essential communications system for passing information from senior management to the floor staff. The program is particularly effective with new staff to ensure they feel welcome and the systems and procedures they learn in the induction session are put into practice. Specific "touch it" opportunities include the volunteer days with CVA and staff working in the staff garden and chook run. The chook run in particular has provided additional quality of life for special needs staff member Marty who has taken great responsibility in caring for these animals.

Marty was chosen to feature in the ClubsNSW 2013 '*Tell us your Club Stories*' Campaign - <http://www.youtube.com/watch?v=FxLcSoz1y8>

Effective engagement has extended to members feeling proud to belong to a venue that actively promotes and strives to be a sustainable business. The boost in productivity and the enthusiasm of staff, and the reductions achieved in resource consumption and associated costs all ensure that sustainability related engagement will remain a key feature of the Clubs strategic business management.

Community

Oak Flats Bowling & Recreation Club is committed to supporting local community groups and businesses. The Board have adopted a community engagement charter which encompasses community donations and club grant commitments, within which is a commitment to donate 30% higher than required for Category 1 and 2 of the *ClubGRANTS* Program. This has been achieved as a result of the Club developing an additional category, referred to as Category 4, designed to encourage diversity in community support, and which specifically targets gambling / alcohol services, environmental sustainability and youth / school groups.

Oak Flats Bowling & Recreation Club donated a total of \$144,505 during the 2012-13 Club Grants funding period, which was \$50,707 (54%) above the Clubs statutory obligation.

The Club is home to many community groups who use the facilities for their meetings free of charge, including having their meals subsidised. Local schools utilise the Club's courtesy bus for school excursions and sporting events.

Interaction with the local community via these channels has allowed the Club to disseminate information regarding sustainability as well as highlight tangible results that the Club has experienced and that ultimately instil confidence for individuals, schools and other organisations to adopt sustainability principles.

The Club has contributed 1035 hours of volunteer time in the last 12 months, across initiatives such as participating in *Clean Up Australia Day*.

Stakeholder Engagement

The Club recognises an opportunity exists to raise awareness and educate staff, members and the community about the benefits of operating sustainably, and the Club has an obligation to lead by example. To this end, due diligence has been exercised in preparing this report to ensure that accuracy, transparency and accountability transpire and offer stakeholders a clear and concise overview of the Clubs operations.

A diverse group of stakeholders have been identified as having a direct personal or financial interest in the Clubs operational status and may be summarised as follows.

- Employees
- Members
- Guests
- Clubs and Industry governing bodies
- Community groups
- Sporting groups
- Environmental groups
- Schools
- Suppliers
- Local and State Government

Members

The Clubs 10,693 members, represent patronage from all age groups. As at June 2013 the Club’s largest age group is the 50-59 years-old age bracket; while it’s smallest membership is from the under 18 year olds and over 80 year olds.

Membership declined by approximately 8% compared to the previous reporting period, a trend that was consistent across all age groups except for the 60+ age group brackets.

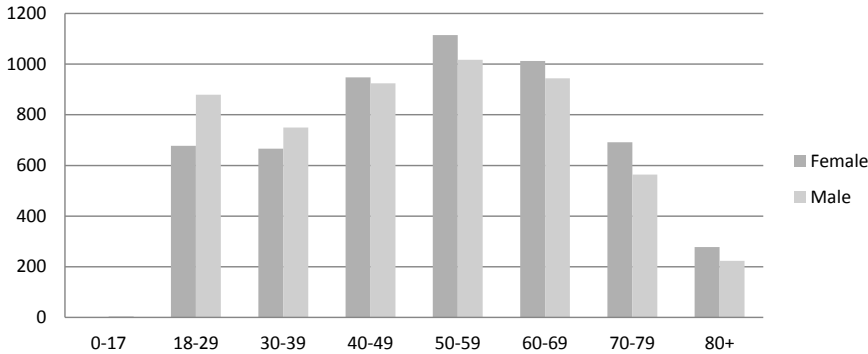


Figure 7: Member Age Bracket Distribution

Figure 8 indicates the residential location of these members. Almost half of the patronage of Oak Flats Bowling & Recreation Club is from the Oak Flats and Shellharbour area, with the combined surrounding suburbs (such as Lake Illawarra and Albion Park) also contributing to almost half of this total membership figure.

A decline in membership was experienced across all postcodes however the largest decline of 15% was experienced in the 2530 postcode areas.

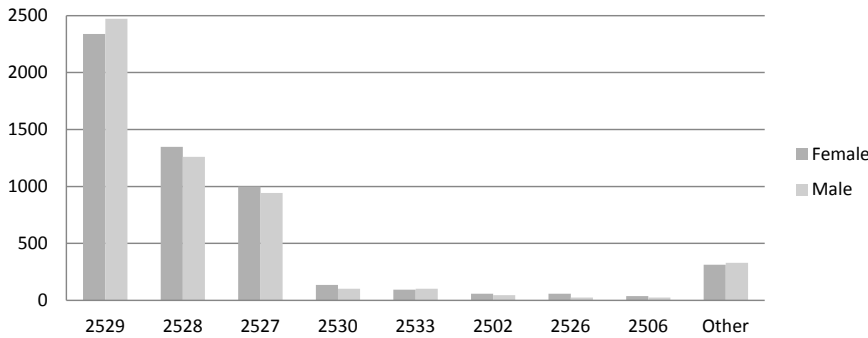


Figure 8: Member Residential Distribution by Post Code

Organisational Structure

The organisational structure of Oak Flats Bowling & Recreation Club, including the Illawarra Yacht Club, consists of the following core functional areas:

- Honorary (Directors)
- Executive Team
- Management
- Greens
- Gaming
- Catering
- Beverage
- Administration

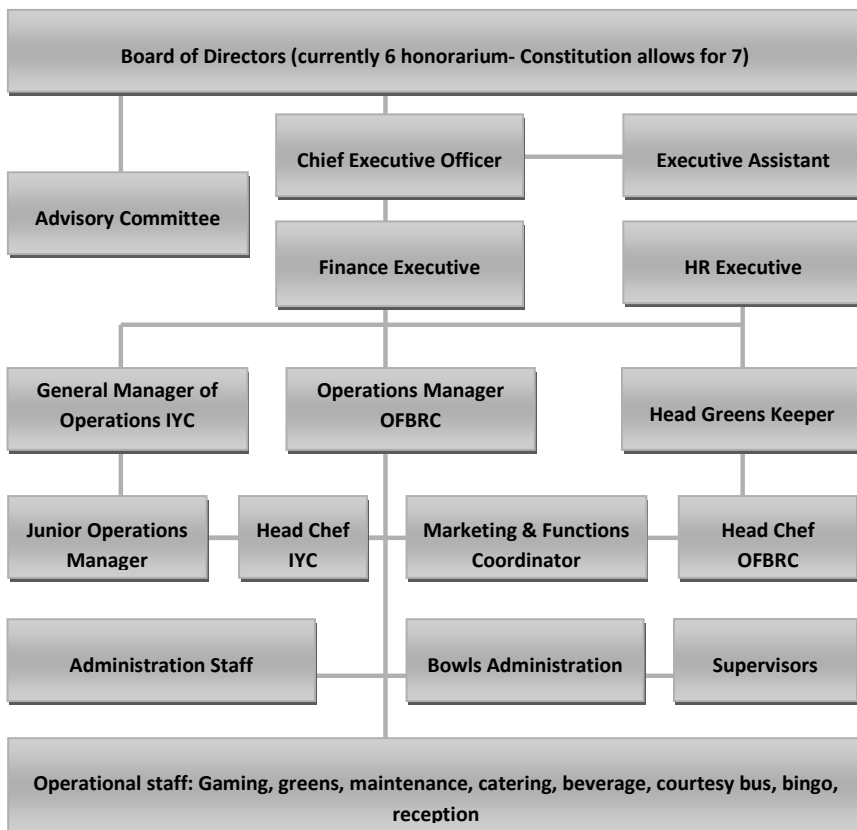


Figure 6: Organisational Structure

2011-12	Combined	Male	Female	% Male	% Female
Full Time	12	6	6	50	50
Part Time	49	17	32	35	65
Casual	14	7	7	50	50
Total	75	30	45	40	60
2012-13	Combined	Male	Female	% Male	% Female
Full Time	15	7	8	47	53
Part Time	59	14	45	24	76
Casual	23	15	8	65	35
Total	97	36	61	37	63
Movement	22	6	16	20%	36%

Figure 3: Employees by Employee Type and Gender

The turnover rate of staff across all three (3) employment types was 27%. Staff turnover was greatest amongst part-time employees, contributing to 77% of the total turnover rate.

The Club employees staff from a broad range of age groups, with the majority represented by the 18-29 year age bracket. The distribution of staff age groups remained relatively unchanged from the previous reporting period.

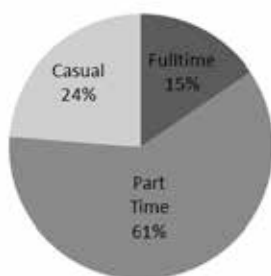


Figure 4: Employee Type Distribution

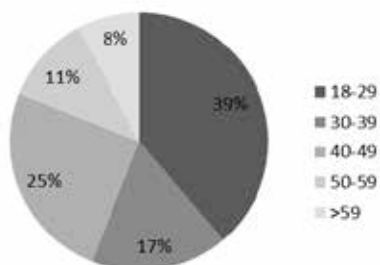


Figure 5: Employee Age Distribution

Members also have legislative processes in place under the *Corporations Act 2001*. Many of these requirements are echoed in the Constitution of Oak Flats Bowling & Recreation Club. These include the right of members (at least 5% support required) to call additional meetings. Under the Clubs Constitution two quarterly meetings and one AGM are held each year. Members are required to submit questions they would like to ask at least 14 days prior to the meeting.

There are many opportunities for management to discuss concerns with the CEO and to relay employee updates. Managers meet with the CEO bi-monthly to discuss business, strategic planning, risks and other matters concerning the operations of the Club. Additionally, staff management meetings are held weekly to discuss safety and risk issues as well as other items. These meetings ensure that all key management staff are up to date and informed about the operations of the Club.

Staff members themselves may address complaints or grievances to either the Operations Manager or to the CEO directly. There are formal policies on both Grievances and Communication to assist with these procedures. The Communications Policy outlines the procedures an employee may take should they wish to communicate information of either a personal/ sensitive nature, or with regards to Club operations. The Grievance Policy outlines the mechanisms for employees to make complaints and the stages a complaint should move through the hierarchy.

In addition to Board meetings, the CEO and Board remain informed through Committee meetings. During the 2012-13 financial year, 20 Board meetings were held and an additional 28 Committee meetings were held (as stated in the Annual Report). These provide for Directors and the CEO to remain informed on all operations of the Club.

Club Secretary

Matthew OHara held the position of Club Secretary for the duration of the reporting period. Matthew has worked in the club industry for 20 years, 11 years of which have been with the Oak Flats Bowling & Recreation Club. Matthew is a member of the CMA (Club Managers Association) and is the ClubsNSW Illawarra Shoalhaven Zone State Councillor.

Matthew OHara holds a Bachelor of Business in Club Management from the Southern Cross University, an Executive Certificate in Event Management and an Executive Certificate in Corporate Governance.

Staff

Oak Flats Bowling & Recreation Club employed a total of 123 staff during the reporting period, 97 of which remained employed at the end of the reporting period. This includes an increase of 24 staff (23%) to the staff base and can be attributed to amalgamation with the Illawarra Yacht Club. The breakdown of employees by employment type and gender is shown in Figure 3.

Disciplinary Committee

Director George Cowling is the Chairman of the Disciplinary Committee. The Board has an obligation to afford members the right to natural justice whilst at the same time ensuring the standards of behaviour required are upheld and the provisions of the Responsible Service of Alcohol (RSA) are enforced. The Disciplinary Committee makes determinations and issues penalties on behalf of the Board on all disciplinary matters.

Corporate Governance Committee

Director Wendy Steyer is the Chairperson of the Corporate Governance Committee. The role of the Corporate Governance Committee is to ensure the Board and Management are actively practicing the ASX Principles of *Good Corporate Governance* and ClubsNSW Corporate Governance Framework, and to report findings to Club members.

Figure 2 depicts the current composition of the Board of Directors and its Committees.

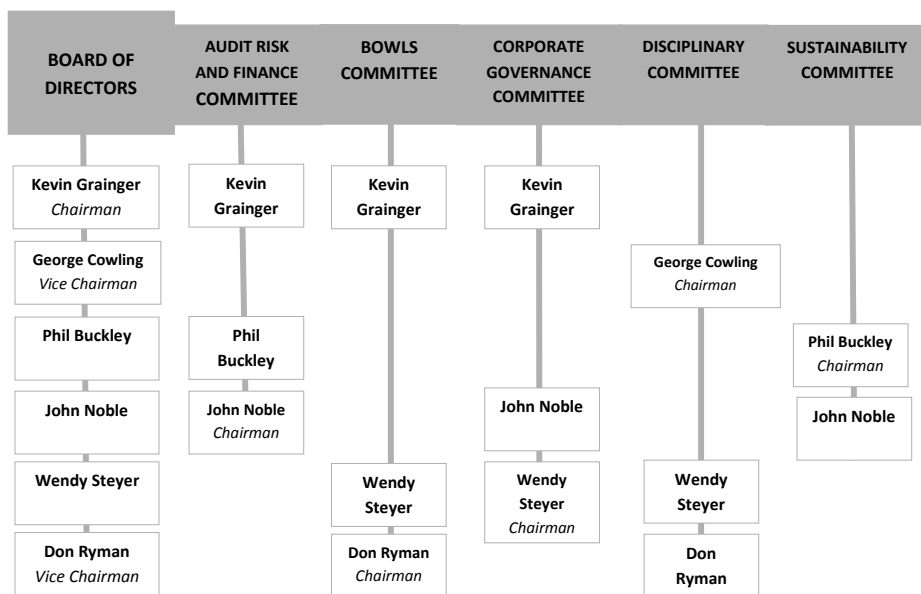


Figure 2: Composition of the Board of Directors and its Committees

The Directors are the first port of call for members who wish to have an item addressed. Members may pass on an item to a Director, or to the Club for consideration at monthly Board meetings. This is included in monthly Board minutes under section 3.2 *Correspondence*. Members also have the right to put forward a resolution for consideration by the Board; the Board has the authority to either allow or deny the resolution to be put before the members for voting at a quarterly meeting.

Pursuant to the *Registered Clubs Act* all Board members must be elected from a database of members of the Men's and Women's Bowls Club and no member is considered to be independent.

Figure 1 shows a breakdown of the Board by gender. All members of the Board of Directors are above the age of 50. No members of the Board are known to belong to a minority group such as disabled persons, religious minorities, low income persons, or cultural background.

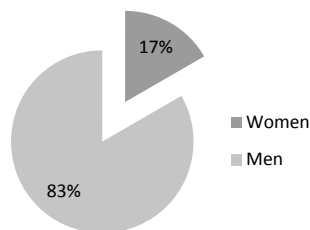


Figure 1: Board of Directors by Gender

Board Committees

There are five Committees operated by the Board:

- Audit Risk and Finance Committee
- Bowls Committee
- Sustainability Committee
- Disciplinary Committee
- Corporate Governance Committee

The role of each of these Committees is as follows:

Audit Risk and Finance Committee

Director John Noble is the Chairman of this Committee. CEO Matt OHara is a member of this Committee also. The principle role of the Audit Risk & Finance Committee is that of review, oversight and monitoring of the activities of Oak Flats Bowling & Recreation Club. The Audit Risk & Finance Committee ensures the recommendations of the ASX principles of *Good Corporate Governance*, as adopted for Oak Flats Bowling & Recreation Club, are observed and practised by management.

Bowls Committee

Director Don Ryman is the Chairman of the Bowls Committee. The Bowls Committee is responsible for all Bowls matters in the Club including the Bowls Budget, the coordination and promotion of social events and tournaments, as well as Bowls membership and all communications.

Sustainability Committee

Director Phil Buckley is the Chairman of the Sustainability Committee. The principle role of the Sustainability Committee is that of review, oversight and monitoring of the sustainability activities of Oak Flats Bowling & Recreation Club. The overarching strategy of the Sustainability Committee is to encourage staff, members and the community to become environmental champions through the development of value based initiatives and training specific to the sustainability objectives of the Club.

Assets owned by the Club that reside beyond the scope and control of daily operational processes have been excluded from this report. Most notably they include the following assets:

- Residential House – 9 Devonshire Crescent, Oak Flats
- Residential House – 11 Devonshire Crescent, Oak Flats
- Residential House – 13 Devonshire Crescent, Oak Flats

Unless otherwise stated, the economic and social outcomes of the 2012-13 reporting year refer to Oak Flats Bowling & Recreation Club and the Illawarra Yacht Club combined, whereas the environmental outcomes refer only to Oak Flats Bowling & Recreation Club. This approach was deemed prudent given the Illawarra Yacht Club was under operational control for only May and June 2013 of the reporting period.

Sustainability reporting however must recognise that an organisation's economic, environmental, and social impacts occur as a result of, and are linked to, activities involving a complex network of entities in its value chain.

To this end during the course of 2013-14, the Club will endeavour to establish a boundary that best reflects sustainability performance utilising the *Global Reporting Initiative Boundary Protocol 2005*, and via consultation with the Clubs stakeholders.

4. Governance, Commitments and Engagement

The Board of Directors

The Board of Directors is the highest governing body within the organisation and comprised of seven Directors: Kevin Grainger, John Noble, Stirling Scard, Wendy Steyer, Don Ryman, Phil Buckley and George Cowling.

Stirling Scard ceased as Director and Vice Chairman in October 2012 and has not been replaced. The Board of Directors is currently composed of six Directors.

Matt OHara, the Club's Chief Executive Officer also attends meetings, however has no voting rights for Board related functions.

Four of the seven Directors hold an official position within the Board. These positions include:

- 1x Chairman
- 2 x Vice Chairmans
- 1 x Chairman of Audit Risk & Finance Committee

The Board of Oak Flats Bowling & Recreation Club is one Board for the purpose of the governance of the Club. There are no executive members of the Board as this is not permitted under the *Registered Clubs Act* and the Clubs Constitution.

The Illawarra Yacht Club is located on 1 Northcliffe Drive, Warrawong, in the Illawarra region of New South Wales.

As of 30 June 2013, Illawarra Yacht Club employs 29 staff and boasts 8,916 members. The Club's facilities include 96 gaming machines, a 155 seat brassiere, 600 person function room and access to numerous sporting opportunities.

Oak Flats Bowling & Recreation Club does not currently belong to joint ventures, nor does it operate any companies or subsidiaries. The Club does own three properties at 9, 11 and 13 Devonshire Crescent in Oak Flats; however it does not have operational control over these properties as they are leased out to private tenants.

As per the 2012-13 Annual Report & Financial accounts, the net revenues for the 2012-13 reporting period were \$9,747,759.

3. Report Parameters

Report Profile

This Sustainability Report is the Club's integrated annual sustainability report and has adopted the *Global Reporting Initiative* framework for its development. The report has been prepared in accordance with the *Global Reporting Initiative* Application Level C self-assessed reporting requirements, and includes four new Performance Indicators from those utilised in the 2011-12 reporting period.

The report encompasses the 2012-13 financial, social and environmental performance of the Club.

While modes of engagement with the Clubs various stakeholder groups differ, the adoption of the GRI Reporting Framework has been in the interests of delivering a common point of annual sustainability reporting that is comparable to previous annual reports, and indeed other organisations reporting under GRI.

The Club's *Sustainability Team* is primarily responsible for the preparation of the annual Sustainability Report. Subsequent reports will include formal consultation with stakeholders, to improve the flow of sustainability information and ensure a platform for effective communication regarding the report and its contents. In relation to the 2012-13 sustainability report, Anissa Taylor is the designated contact within the Club.

Report Scope and Boundary

The establishment of a reporting boundary for the Club's Sustainability Report has been determined by identifying and rationalising assets and processes for which Oak Flats Bowling & Recreation Club has operational control.

As a member owned asset, Oak Flats Bowling & Recreation Club is influenced by the needs and priorities of its community whose expectations call for the Club be a good corporate citizen. Societies concern about the potential impact of by-products associated with clubs led to the development of the Club's goal to become more socially and environmentally sustainable.

Oak Flats Bowling and Recreation Club have the strategic focus of People, Planet and Profit: a charter to reduce the ecological footprint of the Club, meet community expectations and to effectively increase the bottom line in the process.

2. Organisational Profile

Oak Flats Bowling and Recreation Club is a not for profit medium-sized Club located on the corner of David Avenue and Kingston Street, Oak Flats, in the Illawarra region of New South Wales.

As of 30 June 2013, the Club employs 68 staff and boasts 10,693 members and approximately 265,000 visitors per annum.

The Club's facilities include 120 gaming machines, a 200 seat brassiere, 70 seat café and pizza bar, 2 function rooms, 3 bowling greens and access to numerous sporting opportunities.

Oak Flats Bowling Club is a community club and focal point in the village of Oak Flats for recreational and sporting facilities. The Club's commitment to its community covers a wide variety of activities including sporting, educational and charitable organisations.

The principal activity of the organisation during the financial year was that of a licensed bowling and recreational Club in accordance with its objectives and for the benefit of its members.

Oak Flats Bowling & Recreation Club is registered as a non-for-profit Club and incorporated under the *Corporations Act 2001*. Pursuant to the requirements under the *Registered Clubs Act*, registered clubs are non-for-profit, such that all profits generated are reinvested back into club facilities, community development projects, charity and sporting organisations.

The Board are the custodians of the Club and are responsible for the decision making process and the affairs of the Club and its property. Profits generated by Oak Flats Bowling & Recreation Club are managed by the Board of Directors.

The Club endeavours to provide a leadership role within the Club Industry, engaging with staff, local business and the community to fulfil sustainability initiatives that align with the Club's vision and goals. The Club demonstrates continual improvement and has set the standard for industry best practise, exceeding the scope of normal Club operations and going beyond what would be considered the standard charter for a small to medium sized business.

In addition, the Illawarra Yacht Club amalgamated with Oak Flats Bowling & Recreation Club on 30 April 2013.

1. Strategy and Analysis

The principal activities of Oak Flats Bowling & Recreation Club are provided for the benefit of its members. The Club has a strategic focus centred on People, Planet and Profit, a charter to reduce the ecological footprint of the Club, meet community and social expectations and to ensure the financial viability of the asset. Oak Flats Bowling & Recreation Club is committed to the long term sustainability and longevity of the asset and brand.

With reference to these areas the Club will focus to:

- Commit to the betterment and wellbeing of our staff, our members and our community (our People);
- Commit to real and meaningful initiatives to reduce our environmental footprint to zero (our Planet);
- Ensure a long term commitment to the financial sustainability and viability of our Club (our Profit).

Our mission is to create an environment that ensures our people are happy, our environment is healthy and unaffected by our presence and our Club is financially secure. Long term, the Club aims at continued application of the *Principles of Good Corporate Governance*; and to maintain relevance for the long term sustainability of the Club in our Community. To achieve the above objectives, Oak Flats Bowling & Recreation Club employs three key strategies. Firstly, through the education of the Board and Management on the *Principles of Good Corporate Governance* and the implementation of strategies derived from these principles. Secondly, by investing in educating key personnel and the Board to ensure the Board is exercising their duties in a responsible and ethical manner and in the best interests of the Club as a whole. Lastly, by maintaining and nurturing a Club culture focused on the Club's customers, staff and community.

As a good corporate citizen, Oak Flats Bowling & Recreation Club is proud to provide alcohol products and gaming entertainment to adults in a responsible manner with strategies focused on zero tolerance and harm minimisation for our community. The benefits of our presence include sponsorship to local sporting teams and clubs, considerable employment of local citizens, and the substantial purchase of supplies at a local, state and national level. This contributes to the economic prosperity of our community and in turn provides essential social fabric for our community, creating a social hub for residents.

As a Club it is also important to understand the nature of our business and the environmental and social ties that are inherent in our business operations. At Oak Flats Bowling & Recreation Club we recognise that some of our products and services have the potential to cause harm if it is abused or misused. Consequently we believe it is our social and corporate responsibility to mitigate the impact of our social and physical environment by implementing long term goals which aim at reducing potential harm and provide long term positive outcomes for our community.



Oak Flats Bowling & Recreation Club

Sustainability Report 2012-13

July 2012 – June 2013

