



(A Company Limited by Guarantee)

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

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CHAIRMAN'S REPORT

The most significant matter for the Board was the success of Bega Valley Shire Council's application to incorporate a tourism levy in its rating structure. This gives, for the first time, long term certainty in the Board's planning and strategic development.

Council's initiative is commended. Imposts are always difficult decisions but with tourism now forming over 50% of the shire's economic and employment base it is unthinkable there not be a framework dedicated to maximise the worth of this sector to the local economy. It is possible some contributing businesses may wonder about the relevance of tourism to their interests. A dollar brought in by tourism circulates some three times through the local economy and multiplies some 11 times into the gross shire economic product.

The tourism outlook remains challenging. Domestic tourism comprises some 94% of our visitors. The outlook however remains grim with little or no growth projected until at least 2020 with a combination of changing demographics and Australians holidaying overseas in ever increasing numbers stimulated by the rising Australian dollar.

The Board's strategy is to continue to devote the majority of our resources to defending our domestic market position but direct a significant proportion of our creative energy to developing new market and product. We continue to capitalise on our extraordinary good fortune to be part of Australia's Coastal Wilderness National Landscape which is directed to Tourism Australia's international target market. Real dividends are becoming apparent. Bega Valley Shire was the only NSW regional destination to show a statistically significant increase in inbound tourism. This has injected some \$11m into our economy, to multiply and circulate. These visitors are important to us as they spend over three times per night more than domestic visitors and they come the whole year round, easing our dependence on summer peak season tourism.

As a complement to the Coastal Wilderness brand the Board has, with grant assistance, prepared a Heritage Tourism Strategy. Heritage tourism is the one activity identified for growth in an otherwise gloomy domestic outlook. It also diversifies tourism into the greater regional area, thus spreading its social and economic value to other communities. The Board received a further 2011-2012 TQUAL grant to implement the strategy. The Shire Council are partners in this grant as part of their tourism signage program.

The value of diversified attractions was evident in the outcome of the recent Tourism NSW - Tourism Research Australia Sapphire Coast visitor survey. This survey was useful in providing data that was able to test and support our strategic directions.

The role of national parks as a vital part of regional tourism is increasingly recognised. Research has shown that 'nature' is the prime attraction motivating inbound tourism, a product we have in magnificent plenty.

The NSW National Parks and Wildlife Service has been on the Board from the outset and plays a significant role in the Coastal Wilderness and other forums. The region is a priority area for the Service's visitor infrastructure program. It has also now sought commercial partners for developing visitor infrastructure on the iconic Light to Light walk in Ben Boyd National Park.

The Board members are enthusiastic volunteers and, ably assisted by the SCT staff, we get good results from a comparatively modest budget.

Bruce Leaver
Chairman



DIRECTORS' REPORT

Your directors submit herewith the company's financial statements for the year ended 30 June 2011.

Directors:

The following persons held office as directors during the year ended 30 June 2011 and up to the date of this report:-

NAME	OCCUPATION / QUALIFICATIONS	DATE OF APPOINTMENT	DATE OF RESIGNATION
Anthony ALLEN	Farmer	20 June 2008	25 October 2010
Gordon BEATTIE	Company Director	20 June 2008	
Edwin CHENERY	Manager EVIC	18 July 2011	
Barry HARRISON	Property Manager	20 June 2008	
Bruce LEAVER	Public Servant	20 June 2008	
Janette NEILSON	Grazier	2 March 2009	
Tim SHEPHERD	Public Servant	20 June 2008	
John VERHELST	Property Manager	25 October 2010	19 February 2011
Grant WEBSTER	Journalist	20 June 2008	
Robert WHITE	Property Manager	2 November 2009	
Graeme WYKES	Retail Proprietor	25 October 2010	

Company Secretary:

The Company secretary is Mr Geoffrey Brookes. Mr Brookes was appointed to the position of Company secretary on 23 December 2008.

Principal Activities:

The principal activity of the company in the course of the year was the promotion of tourism within the Sapphire Coast. There were no significant changes in the nature of the company's activities during the year.

Objectives and Strategies of the Company:

The short and long term objectives of the Company are to continue to promote tourism to ensure a sustainable tourism industry within the Sapphire Coast region. The Company adopts current industry standards practices and strategies to ensure that the short and long term objectives are met.

Measurement of Performance:

The Company assesses its performance in terms of its achievement of strategic and financial objectives with reference to:

- The ability to meet budgeted financial results;
- The ability to generate adequate cash flows from funding and membership to meet operating and capital expenditure requirements in current and future financial periods;
- Liaising with membership and stakeholders on the Sapphire Coast to ensure the Company is promoting tourism and enhancing its sustainability on the Sapphire Coast.

Results:

The net operating surplus of the company for the financial year ended was \$30,871.59 (2010 \$54,025.26 deficit).

Dividends:

Not applicable, as the company has no share capital.

Review of Operations:

The company is continuing operations in regards to the operation of the promotion of tourism within the Sapphire Coast.



DIRECTORS' REPORT (Continued)

Significant Changes in the State of Affairs:

In the opinion of the directors, the results were not substantially affected by any item, transaction or event of a material or unusual nature, not disclosed in the accompanying financial statements.

Matters Subsequent to the End of the Financial Year:

In the opinion of the directors there is no matter or circumstance, other than those referred to in the financial report which has arisen since 30 June 2011, that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in the financial years subsequent to 30 June 2011.

Environmental Regulation:

The company is subject to environmental regulations from various authorities. To the best of the director's knowledge all activities have been undertaken in compliance with all relevant regulations.

Members Details and Guarantee:

As a company limited by guarantee, every member of the company undertakes to contribute an amount not exceeding \$1.00 on the event of the company being wound up. Such contribution will only be required in the event that assets of the company are insufficient to meet the payments of debts and liabilities of the company at the time of winding up, including the costs, charges and expenses of the winding up. The amount will be payable by all existing members at the time of winding up and those members ceasing membership one year prior to that date. The total number of members paid to 30 June 2011 was 166.

Meetings of Directors:

The following table sets out the number of directors meeting held during the financial year and the number of meetings attended by each director (while they were a director).

	HELD	ATTENDED
A. Allen	3	1
G. Beattie	12	9
B. Harrison	12	7
B. Leaver	12	10
J. Neilson	12	8
T. Shepherd	12	7
J. Verhelst	4	2
G. Webster	12	10
R White	12	10
G. Wykes	9	5

Director's Benefits:

Since 30 June 2010, no director has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts, or the fixed salary or a full-time employee of the company or a related corporation, by reason of a contract made by the company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.



DIRECTORS' REPORT (Continued)

Insurance of Officers:

During the financial year ended 30 June 2011, the company did not pay any premiums to insure all directors and executive officers of the company for any legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the company. The company has not otherwise, during or since the financial year ended 30 June 2011, indemnified or agreed to indemnify the auditor of the company or of any related corporate against a liability incurred as auditor.

Auditor:

Kothes, Chartered Accountants continue in office in accordance with Section 327 of the *Corporations Act, 2001*.

Auditor's Independence Declaration:

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page of the financial report.

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

Director

Director

MERIMBULA, 15 August 2011



ABN 36 472 755 795

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
SAPPHIRE COAST TOURISM LIMITED**

As auditor of Sapphire Coast Tourism Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

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

KOTHES
Chartered Accountants

S.N. BYRNE
Partner

Merimbula, 15 August 2011





**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011	2010
Revenue from ordinary activities	2	363,190.00	289,715.05
Depreciation		(5,219.95)	(4,132.63)
Administration Expenses		(27,008.81)	(24,038.58)
Cost of Goods Sold		(26,968.83)	(22,210.80)
Culture/Heritage Contribution		3,733.26	(25,000.00)
IT Expenses		(4,866.05)	(9,041.95)
Marketing Expenses		(56,430.81)	(38,314.17)
Printing Visitor Guides		(7,344.05)	(219.32)
Employment Expenses		(186,558.91)	(192,195.88)
Visitor Centre Expenses		(21,654.26)	(28,586.98)
Operating Surplus / (Deficit) before Income Tax		30,871.59	(54,025.26)
Income Tax Attributable to Operating Surplus / (Deficit)	1(c)	--	--
Operating Surplus / (Deficit) after Income Tax		30,871.59	(54,025.26)
Other Comprehensive Income		--	--
TOTAL COMPREHENSIVE INCOME		30,871.59	(54,025.26)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

Total Equity at Beginning of Financial Year	120,131.92	174,157.18
Operating Surplus / (Deficit) after Income Tax	30,871.59	(54,025.26)
Other Comprehensive Income	--	--
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR	151,003.51	120,131.92

The above statement of changes in equity should be read in conjunction with the accompanying notes.



**BALANCE SHEET
AS AT 30 JUNE 2011**

	Notes	2011	2010
CURRENT ASSETS			
Cash and cash equivalents	3	193,970.27	160,810.73
Inventories	4	17,130.45	10,227.05
Receivables	5	3,524.71	4,045.70
		-----	-----
TOTAL CURRENT ASSETS		214,625.43	175,083.48
		-----	-----
NON-CURRENT ASSETS			
Property, plant and equipment	6	20,380.52	15,225.02
		-----	-----
TOTAL NON-CURRENT ASSETS		20,380.52	15,225.02
		-----	-----
TOTAL ASSETS		235,005.95	190,308.50
		-----	-----
CURRENT LIABILITIES			
Payables	7	66,421.69	60,624.70
Provisions	8	17,580.75	9,551.88
		-----	-----
TOTAL CURRENT LIABILITIES		84,002.44	70,176.58
		-----	-----
TOTAL LIABILITIES		84,002.44	70,176.58
		-----	-----
NET ASSETS		151,003.51	120,131.92
		=====	=====
MEMBERS' EQUITY			
Share capital	9	--	--
Accumulated funds		151,003.51	120,131.92
		-----	-----
TOTAL MEMBERS' EQUITY		151,003.51	120,131.92
		=====	=====

The above balance sheet should be read in conjunction with the accompanying notes.



**STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating activities			
- inclusive of goods and services tax		415,958.72	330,573.95
Payments to suppliers and employees			
- inclusive of goods and services tax		(379,913.15)	(367,131.35)
		-----	-----
		36,045.57	(36,557.40)
Interest received		7,489.42	3,061.09
		-----	-----
Net cash provided / (used) by operating activities	16	43,534.99	(33,496.31)
		-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(10,375.45)	(920.00)
		-----	-----
Net cash (used) by investing activities		(10,375.45)	(920.00)
		-----	-----
Net increase / (decrease) in cash held		33,159.54	(34,416.31)
Cash at beginning of the period		160,810.73	195,227.04
		-----	-----
CASH AT END OF FINANCIAL YEAR	3	193,970.27	160,810.73
		=====	=====

The above statement of cash flows should be read in conjunction with the accompanying notes.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2011**

1. Summary of Significant Accounting Policies

Background Information

The company was incorporated as Sapphire Coast Tourism Limited on 9 May 2008 (# 131 022 958) under the NSW Companies Act, 1961, NSW. It is registered with the Australian Business Register - Australian Business Number 99 131 022 958 and is registered for Goods & Services Tax purposes. The company will account for Goods & Services tax quarterly using the cash basis of accounting. The registered office of the company is 128-132 Carp Street, Bega, NSW, 2550. The principal place of business of the company is 2 Beach Street, Merimbula, NSW, 2548

(a) *Basis of Preparation*

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001 (Cth)*. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated. The financial report is presented in Australian dollars.

Reporting Basis and Convention

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Adoption of New and Revised Accounting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2010. The adoption of these new Standards and Interpretations has not resulted in any changes to the Company's accounting policies that have affected the amounts reported for the current or prior years.

Compliance with IFRSs

As the Company is a Not-For-Profit entity it is not required to comply with all International Financial Reporting Standards (IFRSs). The financial report of the Company is prepared in accordance with Australian Equivalents to International Financial Reporting Standards applicable to Not-For-Profit entities.

Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas that involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements other than those described in following accounting policies.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2011 (Continued)**

1. Summary of Significant Accounting Policies (Continued)

(b) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue and are net of taxes paid. Revenue is recognised for the major business activities as follows:

Services

Revenue is taken to account when the recipient has a legal right to pay for services performed by the Company.

Interest

Interest revenue is recognised as it accrues using the effective interest method. The effective interest method is the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Subscriptions

Subscriptions for annual membership are recognised in revenue over the membership year.

(c) Income Tax

The Directors have reviewed the company's income tax status and have assessed the Company to be exempt from income tax under section 50-40 of the *Income Tax Assessment Act, 1997* (Cth). Consequently, no provision for taxation has been made in the financial statements.

(d) Acquisitions of Assets

The purchase method of accounting is used to account for all acquisitions of assets regardless of what assets are acquired. Cost is measured as the fair value of assets given up as the date of acquisition plus costs directly attributable to the acquisition. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is Company's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. As per the Company accounting policy, only property, plant & equipment assets with an acquisition cost above \$1,000.00 (excluding GST) are capitalised. All other fixed asset acquisitions with a cost below this are expensed in the period in which they relate to.

(e) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2011 (Continued)**

1. Summary of Significant Accounting Policies (Continued)

(g) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(h) Inventories

All inventories are stated at the lower of cost and net realisable value. The "First In First Out" method has been used to assign cost to individual items of stock.

(i) Property, Plant & Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Plant & equipment	3-30 years
-------------------	------------

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(j) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2011 (Continued)**

1. Summary of Significant Accounting Policies (Continued)

(k) Members' Fees in Advance

Fees received in advance for the financial year have been carried forward as a current liability.

(l) Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2011 (Continued)**

1. Summary of Significant Accounting Policies (Continued)

(n) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss in which case transaction costs are 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

The *effective interest method* is used to allocate interest income 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.

(o) Ongoing Financial Support

The accounts have been prepared on a going concern basis which assumes continuity of normal business activities and the realisations of assets and settlement of liabilities in the ordinary course of business. In the event that current funding arrangements were to cease, the Company would have to significantly restructure its operations to meet its commitments.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2011 (Continued)**

	2011	2010
2. Operating Revenue		
<u>Operating Activities</u>		
Booking Service Commission	33,439.92	35,879.14
Council Funding – Tourism	190,000.00	120,000.00
Council Funding – Other	--	10,000.00
Membership / Tourism Income	51,594.24	47,360.92
Visitor Information Centre Income	80,666.42	73,413.90
	-----	-----
	355,700.58	286,653.96
<u>Non-operating Activities</u>		
Interest	7,489.42	3,061.09
	-----	-----
	363,190.00	289,715.05
	=====	=====
3. Current Assets – Cash and Cash Equivalents		
Cash at Bank – General	27,795.50	39,150.29
Cash at Bank – TQUAL	5.77	29,430.21
Cash at Bank – Holding	3,748.26	7,679.96
Cash at Bank – Investment	161,452.54	84,150.27
Cash on Hand	968.20	400.00
	-----	-----
	193,970.27	160,810.73
	=====	=====
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows.		
4. Inventories		
Stock on Hand	17,130.45	10,227.05
	=====	=====
5. Current Assets - Receivables		
Trade Debtors	1,624.35	2,435.70
Goods and Services Tax Receivable	610.36	--
Prepayments	1,290.00	1,610.00
	-----	-----
	3,524.71	4,045.70
	=====	=====



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2011 (Continued)**

	2011	2010
6. Non-current Assets - Property, Plant and Equipment		
Plant and equipment, at cost	32,877.44	22,501.99
Accumulated depreciation	(12,496.92)	(7,276.97)
	-----	-----
	20,380.52	15,225.02
	=====	=====

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year are set out as follows:

Property, Plant & Equipment	Plant & equipment at cost	TOTAL
Opening balance 1 July 2010	15,225.02	15,225.02
Additions	10,375.45	10,375.45
Depreciation	(5,219.95)	(5,219.95)
Carrying amount at 30 June 2011	20,380.52	20,380.52

Property, Plant & Equipment	Plant & equipment at cost	TOTAL
Opening balance 1 July 2009	18,437.65	18,437.65
Additions	920.00	920.00
Depreciation	(4,132.63)	(4,132.63)
Carrying amount at 30 June 2010	15,225.02	15,225.02

7. Current Liabilities - Payables

Trade Creditors	5,557.43	7,153.18
Accrued Charges	2,400.00	4,488.40
Goods and Services Tax Payable	--	1,287.41
Membership Fees in Advance	28,386.23	--
Prepaid Signage Income in Advance	9,977.27	--
Council Funding in Advance	2,500.00	2,500.00
TQUAL Income in Advance	--	29,032.71
Consignment Sales	3,764.80	7,785.00
Bermagui EFTPOS Clearing	590.00	--
Payroll Liabilities	13,245.96	8,378.00
	-----	-----
	66,421.69	60,624.70
	=====	=====

8. Current Liabilities - Provisions

Provision for Annual Leave

Opening Balance	9,551.88	2,281.37
Additional Provisions Raised During the Year	14,651.78	10,897.97
Amounts Used	(6,622.91)	(3,627.46)
	-----	-----
Closing Balance	17,580.75	9,551.88
	=====	=====



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 30 JUNE 2011 (Continued)**

9. Company Structure and Share Capital

- (a) Sapphire Coast Tourism Limited is a company limited by guarantee and as such has no share capital.
- (b) As a company limited by guarantee, every member of the company undertakes to contribute an amount not exceeding \$1.00 on the event of the company being wound up. Such contribution will only be required in the event that assets of the company are insufficient to meet the payments of debts and liabilities of the company at the time of winding up, including the costs, charges and expenses of the winding up. The amount will be payable by all existing members at the time of winding up and those members ceasing membership one year prior to that date.

10. Financial Risk Management

The entity's financial instruments consist mainly of deposits with the bank and accounts receivable and payable. The entity relies on this working capital as its source of funds. 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:

	Notes	2011	2010
Financial Assets			
Cash at bank	3	193,002.07	160,410.73
Cash on hand	3	968.20	400.00
Trade Debtors	5	1,624.35	2,435.70
		-----	-----
		195,594.62	163,246.43
		-----	-----
Financial Liabilities			
Trade creditors	7	5,557.43	7,153.18
		-----	-----
Net Financial Assets		190,037.19	156,093.25
		=====	=====

Financial Risk Management Policies

The Board of Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Informal risk management policies are discussed by the Board of Directors on a regular basis. These include consideration of performance, credit risk and future cash flow requirements.

Specific Financial Risks and Management

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

As at 30 June 2011 the Company is not exposed to any material interest rate risk.

Foreign currency risk

The entity is not exposed to fluctuations in foreign currencies.

Price risk

The entity is not exposed to any material commodity price risk.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 30 JUNE 2011 (Continued)**

10. Financial Risk Management (continued)

Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with reputable financial institutions; and

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Company. The Company does not have any material credit risk exposure.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Balance Sheet. Credit risk related to balances with banks and other financial institutions is managed by the Board of Directors in requiring that surplus funds are only invested with reputable financial institutions.

Financial Instruments Maturity Analysis

All financial instruments are expected to be settled or could be realised within 30 days.

Sensitivity analysis:

Interest rate risk

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk. As at 30 June 2011, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2011	2010
<i>Increase in interest rate by 2%</i>		
- Cash at bank	3,860.04	3,208.21
<i>Decrease in interest rate by 2%</i>		
- Cash at bank	(3,860.04)	(3,208.21)

11. Capital Management

Management controls the capital of the Company to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximised. Management ensure that the overall risk management strategy is in line with this objective. Management operates under policies approved by the Board of Directors. Informal risk management policies are discussed by the Board on a regular basis. These include credit risk and future cash flow requirements. The Company's capital consists of financial liabilities, supported by financial assets. Management effectively manages the Company's capital by assessing the Company's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels. There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 30 JUNE 2011 (Continued)**

2011 2010

12. Commitments for Expenditure

Operating Leases

The Company leases one piece of plant and equipment under a cancellable operating lease. The Company is required to give notice for the termination of this lease.

Commitments for minimum lease payments in relation to cancellable operating leases are as follows:

• not later than one year	2,336.40	--
• one to five years	8,761.50	--
	-----	-----
	11,097.90	--
	=====	=====

The above includes GST of \$1,008.90 which is recoverable from the Australian Tax Office.

13. Remuneration of Auditor

Amounts received, or due and receivable, by the auditor of the company for:-

Audit of the company's accounts	2,640.00	2,400.00
	=====	=====

14. Key Management Personnel

The Company is run by the Board of Directors. All major business decisions are made by the Board. The day to day business of the Company is run by the employees of the Company. As all major business decisions are made by the Board, no key management personnel disclosures are deemed appropriate.

15. Related Party Transactions

(a) **Directors:-**

The names of persons who were directors of the company at any time during the year are as follows:-

Anthony Allen	Gordon Beattie	Barry Harrison
Bruce Leaver	Janette Neilson	Tim Shepherd
John Verhelst	Grant Webster	Robert White
Graeme Wykes		

(b) **Directors Remuneration**

The directors do not receive any remuneration from the company.

(c) **Transactions with directors and director related entities**

There were no transactions with directors, other than those at normal commercial terms and conditions, and other benefits approved by the members at the annual general meeting.

(d) **Other transactions with related parties:**

There were no other transactions with related parties.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 30 JUNE 2011 (Continued)**

	2011	2010
16. Notes to the Statement of Cash Flows		
Reconciliation of net cash provided by operating activities to operating result after tax:-		
Operating surplus / (deficit) after tax	30,871.59	(54,025.26)
Add back non-cash items		
Depreciation	5,219.95	4,132.63
Employee provisions	8,028.87	7,270.51
Changes in Assets and Liabilities		
(Increase)/decrease in sundry debtors	811.35	16,810.99
(Increase)/decrease in prepayments	320.00	(1,610.00)
(Increase)/decrease in inventories	(6,903.40)	(5,834.33)
Increase/(decrease) in trade creditors	(1,595.75)	4,527.02
Increase/(decrease) in GST clearing	(1,897.77)	5,065.60
Increase/(decrease) in other payables	8,680.15	(9,833.47)
	-----	-----
Net cash inflow / (outflow) from operating activities	43,534.99	(33,496.31)
	=====	=====

17. Segment Information

The company is involved in a single industry segment promoting tourism on the Sapphire Coast which operates on the South Coast of New South Wales.

18. New Standards and Interpretations Not Yet Adopted

All Accounting Standards issued or amended and that are applicable to the company but not yet effective and have not been adopted in preparation of the financial statements at reporting date have been reviewed by the company. As at the date of this report there is no effect on the financial statements for the year ended 30 June 2011 due to Accounting Standards issued or amended and that are applicable to the company and have not been adopted in preparation of the financial statements at reporting date, other than changes in the presentation of the financial statements in future reporting periods.



DIRECTORS' DECLARATION

In the director's opinion:

- (a) the financial statements and notes as set out in the financial report are in accordance with the *Corporations Act 2001*, including:
 - (i) comply with Accounting Standards and other mandatory professional requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2011 and of its financial performance for the financial year ended on that date.
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Director

Director

Merimbula, 15 August 2011



ABN 36 472 755 795

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
SAPPHIRE COAST TOURISM LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Sapphire Coast Tourism Limited, which comprises the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 review, we have complied with the independence requirements of the *Corporations Act 2001*.

Electronic Presentation of Audited Financial Report

This auditor's report relates to the financial report of Sapphire Coast Tourism Limited for the year ended 30 June 2011 that may be included on the Company's website. The auditor's report refers only to that financial report and it does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report.

Auditor's Opinion

In our opinion the financial statements of Sapphire Coast Tourism Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

KOTHES
Chartered Accountants

S.N. BYRNE
Partner
Merimbula, 15 August 2011



**Chartered
Accountants**



Liability limited by a
scheme approved
under Professional
Standards Legislation



ABN 36 472 755 795

**SUPPLEMENTARY INFORMATION
30 JUNE 2011**

The additional financial data presented on the following pages is in accordance with the books and records of Sapphire Coast Tourism Limited which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 30 June 2011. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given.

In accordance with our firm's policy, we advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the company) in respect of such data, including any errors or omissions therein, arising through negligence or otherwise however caused.

**KOTHES
Chartered Accountants**

S. N. BYRNE
Partner

Merimbula, 15 August 2011





SUPPLEMENTARY INFORMATION
30 JUNE 2011

REVENUE ACCOUNT

	2011	2010
Income		
Funding Income		
Bega Valley Shire Council – Sapphire Coast Tourism	170,000.00	120,000.00
Bega Valley Shire Council – Bermagui Visitor Information Centre	--	10,000.00
Merimbula Visitor Information Centre		
Bega Valley Shire Council	20,000.00	--
BS Booking Commission – Other	28,836.78	28,158.28
BS Booking Commission – Online	4,603.14	7,720.86
Tour Commissions	10,107.49	13,748.65
Consignment Commissions	1,782.24	3,172.96
Consumables and Food	278.65	2,034.31
Internet Café	3,470.01	1,940.69
Membership	51,594.24	47,360.92
Miscellaneous Sales	785.45	514.49
Signage	16,577.33	13,436.23
Souvenir Sales	47,665.25	38,566.57
Interest	7,489.42	3,061.09
	-----	-----
Total Income	363,190.00	289,715.05
	-----	-----
Expenses		
Cost of Sales		
Souvenirs	26,793.95	20,331.88
Consumables and Food	174.88	1,878.92
Marketing Expenses		
Culture/Heritage Contribution	(3,733.26)	25,000.00
Advertising	12,658.68	8,327.91
ACWNL Steering Committee	--	2,500.00
Canberra Program	--	1,566.68
Consumer Shows	9,058.16	1,373.84
SCRTO Contribution	2,500.00	1,100.00
Expenses Ex SCRTO Funds	--	12,108.89
Cruise Eden	--	1,363.64
Online Hot Dis Winter Campaign	--	4,650.96
Bega Valley Tourism Roadshow	--	1,688.57
Google Adwords Campaign	1,158.55	1,116.65
East Gippsland – SC Feature	750.00	988.63
Paddy Palin Program	(1,478.40)	1,528.40
Tourism Research	3,600.00	--
South Coast Destination Survey	7,500.00	--
Public Relations Retainer	14,035.27	--
Social Media Strategy	5,048.55	--
AVIC Training Subsidy	600.00	--
South Coast Tourism Awards	1,000.00	--
Printing – Visitor Guide	3,934.14	219.32
Freight – Visitor Guides	3,409.91	--
	-----	-----
Carried Forward	87,010.43	85,744.29



**SUPPLEMENTARY INFORMATION
 30 JUNE 2011**

REVENUE ACCOUNT (Continued)

	2011	2010
<i>Carried Forward</i>	87,010.43	85,744.29
Sapphire Coast Tourism		
Auditor's remuneration	2,640.00	2,400.00
Bank charges	43.48	107.33
Company Administration	25.00	65.00
Computing Expense	2,013.16	558.73
Consultants	454.55	727.27
Consumables	851.13	416.86
Depreciation	2,452.17	2,909.66
Employee Expenses	--	154.55
Freight	362.50	175.27
Rent – Storage Shed	883.64	--
Membership Fees	1,000.00	2,358.18
Office Equipment	533.18	593.64
Postage, Printing & stationery	6,198.42	6,533.81
Seminars, Workshops etc.	3,178.08	1,310.50
Staff Reimbursables	5,894.10	5,928.70
Superannuation	5,922.82	6,744.22
Telephone	3,340.18	2,405.88
Travel Expenses	1,276.74	--
Web Site Development	1,667.27	5,622.45
Wages and Salaries	65,809.18	74,935.89
Workers Compensation Insurance	327.81	380.92
Bermagui Visitor Information Centre		
Business Registration	--	152.00
Computing Expense	--	355.23
Consumables	(26.81)	492.23
Office Equipment	--	171.82
Postage, Printing & stationery	(32.55)	345.11
Telephone	177.22	2,019.37
Superannuation	--	37.75
Wage and Salaries	736.36	11,151.27
	-----	-----
<i>Carried Forward</i>	192,738.06	214,797.93



**SUPPLEMENTARY INFORMATION
 30 JUNE 2011**

REVENUE ACCOUNT (Continued)

	2011	2010
<i>Carried Forward</i>	192,738.06	214,797.93
Merimbula Visitor Information Centre		
Accreditation Fee	800.00	800.00
Advertising	(40.00)	1,277.27
Bad Debts	(466.50)	848.18
Bank Charges	--	69.65
Business Registration	--	283.00
Computing Expense	1,185.62	2,505.54
Consumables	1,655.66	2,508.81
Depreciation	2,767.78	1,222.97
Discounts Taken	(11.74)	--
Electricity	--	416.13
Legal Fees	400.00	264.30
Insurance – Property	1,091.42	986.97
Insurance – Workers Compensation	561.96	480.67
Insurance – Volunteers	387.25	669.71
Office Equipment	2,276.10	700.70
Postage, Printing & Stationery	3,421.22	3,832.77
Rent – Storage Shed	883.64	1,693.64
Repairs and Maintenance	739.00	658.86
Superannuation	9,378.03	8,201.30
Telephone	6,687.19	7,670.55
Transaction Fees	2,671.20	2,696.51
Volunteer Training	480.00	--
Wage and Salaries	104,712.52	91,125.45
Water	--	29.40
	-----	-----
<i>Total Expenses</i>	332,318.41	343,740.31
	-----	-----
<i>Operating Surplus / (Deficit)</i>	30,871.59	(54,025.26)
	=====	=====