

# **Scotts Head Bowling and Recreation Club Ltd.**

**Trading as “CLUB SCOTTS”**

ABN 85 001 056 775



## **ANNUAL REPORT AND FINANCIAL STATEMENT**

**YEAR ENDED 30<sup>th</sup> JUNE, 2018**

The Annual General Meeting will be held on Sunday **28th October 2018**, at 9:30am at the Clubhouse, 26 West Street, Scotts Head

## NOTICE TO MEMBERS

*Please be advised that the Club's full report for the financial year ending 30<sup>th</sup> June, 2018, being:*

- (i) The Financial Report*
- (ii) The Directors' Report; and*
- (iii) The Auditors' Report*

*will be available on the Club's website at [www.clubscotts.com.au/](http://www.clubscotts.com.au/) Membership/Reports & Forms. Select the appropriate link.*

*I also advise that our members are able to receive a hard copy of the report by printing the downloaded report from our website, or by contacting the Club and requesting a copy to be mailed out, or collecting a copy from the Club reception.*

*M. Hawkins  
CEO*

# SCOTTS HEAD BOWLING AND RECREATION CLUB LTD.



## BOARD OF DIRECTORS

As at 30<sup>th</sup> June, 2018

Chairman:  
V. Barbour

Deputy Chairman:  
A. Bush

Directors  
V. Mankin, G. Dallwitz, L. Bush, T. Webber, N. Evelyn, N. Hmelnitsky

## CLUB SECRETARY

M. Hawkins

## LIFE MEMBERS

J. Beaton (deceased), C. Lynch (deceased), G. Marshall (deceased),  
F. Gosson (deceased)  
K. Skaines (deceased), G. Bonser, B. Lightfoot (deceased)  
S. Whatmough, Nat Hardge (deceased), J. Bonser, B. Budge (deceased)

## PATRONS

F. Gosson (deceased)  
J. Beaton (deceased)  
V. Mankin  
I. Scrivener

## ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Scotts Head Bowling and Recreation Club Ltd will be held in the Clubhouse on Sunday 28th October 2018 at 9:30am

### AGENDA

1. Confirmation of Minutes of the Annual General Meeting held on the 22<sup>nd</sup> October, 2017 at 9:30am
2. To receive and adopt the following documents covering the Club's activities for the year ended 30<sup>th</sup> June, 2018
  - a) The Directors' Report
  - b) The Statement of Comprehensive Income and Statement of Financial Position
  - c) The Auditors' Report
3. For the purpose of the Registered Clubs Act: to consider and if thought fit, pass the following Ordinary Resolution:  
Resolution
  - a) That the Members hereby approve expenditure by the Club in a sum not exceeding \$4,000 for Directors' expenses, including the Chairman's Honorarium, subject to approval by the Board of Directors
  - b) The Members acknowledge that the benefits in point (a) above are not available to members generally, but only for those Directors of the Club
4. For the purpose of the Registered Clubs Act: to consider and if thought fit, pass the following Ordinary Resolution:  
Resolution
  - a) The Members hereby approve expenditure by the Club in a sum not exceeding \$10,000 for professional development and education of Directors over the following twelve (12) months, including:
    - i) The reasonable cost of Directors attending the ClubsNSW Association Annual General Meeting
    - ii) The reasonable cost of Directors attending compulsory Director training, seminars, lectures and trade displays, organized study tours, fact finding tours and similar events as may be determined by the Board from time to time
    - iii) The reasonable cost of Directors attending other Clubs for the purpose of observing their facilities and methods of operation.
5. For the purpose of the Registered Clubs Act: to consider and if thought fit, pass the following Ordinary Resolution:
  - a) The Members hereby approve expenditure by the Club in a sum not exceeding \$20,000 over the following twelve (12) months for the following expenses subject to approval by the Board of Directors.
    - i) Expenses involved in subsidies if Intra Clubs, Presentations to Members or other persons acknowledging services deemed by the Directors as being of benefit to the Club and/or the community and sponsorship of sporting events and sports persons deemed by the Directors to be of benefit to the Club and/or the community.
  - b) The Members acknowledge that the benefits in point (a) directly above are not available to Members generally, but only for those Directors of the Club and those Members directly involved in the above activities.
6. Election of Patrons
7. Auditor: The Auditors continue in office in accordance with the provisions of the Corporations Act
8. Business, which may be brought forward in conformity with the rules of the Club
9. Election of Executive and Directors

By Order of the Board,  
25<sup>th</sup> September, 2018  
SCOTTS HEAD, NSW

M. Hawkins  
Secretary

### SPECIAL NOTE:

If you have any questions regarding the Annual Report or Financial Statements for query at the Annual General Meeting, please hand them in writing to the Club Secretary, M. Hawkins, by Sunday **21st October 2018** to enable correct information to be given in reply. This is accepted practice.

## **CHAIRMAN'S AND SECRETARY'S REPORT**

We are pleased to announce that the Club made an operation profit of \$14760, for the past financial year. While this is down on the previous year's result it is still pleasing considering the economic climate in clubs similar in size to ours, many of them are struggling to stay afloat. Industry figures show that these Clubs are running at a loss and may be closed with next 12months.

Trading results show that our bar sales were marginally down while catering and gaming revenue showed a healthy increase. The increase in gaming can be contributed to the relocation of the gaming area, the acquisition of two new machines and the installation of the Global payment system.

The Club's expenses are up on last year with contributing factors being an increase in depreciation and amortisation expenses, repairs and maintenance have increased and employee benefits are up due to employment resignations, a CPI increase and leave accruals.

As part of our Club's policy we have continued to support the local community with donation/sponsorship towards the Men and Women's bowls, Scotts Head Cricket Club, our local School and the Logger Heads and Malibu Club.

We thank all sub-clubs for their contributions, our many volunteers, our loyal and willing staff and fellow directors.

We express our sympathies for those who have lost love ones during the year and are saddened at the loss of our longstanding member Myrtle Bell.

Vanessa Barbour (Chairman)

Michael Hawkins (CEO)

## **SOCIAL CLUB PRESIDENT'S REPORT**

The Social Club enjoyed another good year, our BBQ days generally went without any hitches and we enjoyed a good Christmas one.

We had great weather for our pirate lunch cruise on the Nambucca River and the Jacaranda Festival in Grafton. We hired the Community bus for Grafton and carpooled for Nambucca. We plan to have more events in the coming year.

A big thanks to our Master Chef Dick Watson for his consistent excellent culinary skills and to those who brought along all those lovely side dishes, the bean salad was great.

The group is a way for people to meet others, network, arrange activities and outings or swap ideas. We gather on the 1<sup>st</sup> Sunday of the month at 1-00 pm in the BBQ area. All Club Scotts members are welcome to join and we promote being friendly and nice. Membership is \$5-00 payable over the bar. On BBQ days bring a plate or pay \$4-00. Look for our notice board near the bar lounge area exit door.

J. Narris

## **WOMEN'S BOWLING CLUB PRESIDENT'S REPORT**

My report this year has some positives and some negatives. On the positive note we managed to fulfil all our commitments this year. Thank you to those who put their hand up time and time again.

We also managed to field a Pennants team starting off really well by beating a few of the bigger clubs. Unfortunately due to the early start and illness, we struggled later in the competition.

On the negative note we have lost players this year. Due to medical issues and age they have decided not to affiliate but to continue as social members.

Our Gala Day and Carnival were again successful; many thanks to my committee for their hard work and commitment. A special thanks to our major sponsors - Jasper from Scotts Head Pharmacy, Lairds Friendly Grocer and Jo and Nathan Evelyn from Reflections Holiday Park; also our smaller sponsors, without your support we would not have had success. While on the thank you list, thanks Club Scotts CEO Michael, Sue from the office, Men's Bowls Club, Gavin and TJ and staff for the wonderful meals and also the bar staff. How could I forget Greenkeeper Gary Witte for the best greens on the coast – thank you.

Congratulations also to Jo Evelyn, a new bowler who reached the semi final of the district singles, impressing seasoned players with her games.

To those who have suffered illness, a speedy recovery and those who have lost loved ones, my deepest sympathy

Janine Budge

## **MEN'S BOWLING CLUB PRESIDENT'S REPORT**

This year has seen us gain a few new bowlers, with a couple more waiting in the wings.

These new bowlers were put to good use due to player unavailability during the pennant season. Thanks for standing up fellas you went well. We were right in it up to the last two games but just couldn't get over the line. Congratulations to Stuart's Point the eventual winners.

In district play we were well represented in all events with Hagot making the final of the open singles. Our two carnivals were completed successfully, thanks again to Bart and Hans.

Our thanks to all from the Club limited for your support and also a special thanks to Gavin for cooking our barbecue on pennant days.

The executive and committee have been tireless in their efforts to keep our club running well. Many thanks.

Last but certainly not least to Gary Witte for our great greens. Thank you.

Dave Dickson

## DIRECTORS' REPORT

Your directors present their report on Scotts Head Bowling and Recreation Club Ltd for the financial year ended 30 June 2018.

Information on directors

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

<i>Victor Mankin</i>		<i>Naomi Hmelnitsky</i>	
Qualifications	Business Owner	Qualifications	Postal Officer
Experience	Previous Director	Experience	-
<i>Gary Dallwitz</i>		<i>Nathan Evelyn</i>	
Qualifications	Electrician/Training Manager	Qualifications	Van Park Manager
Experience	Previous Director	Experience	Previous Director
		Resigned Jan 2018 as Chairperson Reappointed Mar 2018 as Director	
<i>Liz Bush</i>		<i>Alan Bush</i>	
Qualifications	Nurse/Manager	Qualifications	Traffic Controller/Small Business Mgr.
Experience	Previous Director	Experience	Previous Director
		Special Responsibility	Deputy Chairperson From Jan 2018
<i>Lynnette Narris</i>		<i>Vanessa Barbour</i>	
Qualifications	Retired Teacher/Accountant	Qualifications	Learning Support Officer
Experience	Previous Director	Experience	Previous Director
Special responsibility	Deputy Chairperson Completed term	Special Responsibility	Deputy Chairperson until Jan 2018 then appointed Chairperson
<i>Tyrone Webber</i>			
Qualifications	Traffic Controller/Team Leader		
Experience	Previous Director		

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

## **Principal activities**

The principal activity of Scotts Head Bowling and Recreation Club Ltd during the financial year was as a Registered Sporting Club.

No significant changes in the nature of the entity's activity occurred during the financial year.

## **Objectives**

The company's short term and long-term objectives focus on:

- The delivery and development of profitable, desirable facilities and services to members and guests; and
- The growth and development of the profitability of the Club's operating areas and sub clubs; and
- The growth of membership and the number of guests.

## **Strategy for achieving the objectives**

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

- Grow the existing business and increase revenue on operating activities whilst controlling and minimising related expenses; and
- Defend market share by investing in appropriate technology available within expenditure constraints; and
- Monitor cash flows to enable funding of forecast business activity and plans; and
- Enable staff to maintain up to date capabilities and qualifications.

## **Performance measures**

The following measures are regularly used within the company to monitor performance:

- The level of commercial activity of the key operating areas and sub clubs; and
- The level of surplus/loss generated by each of the key operating areas and sub clubs;
- EBITDA and Working Capital, Solvency and Liquidity ratios; and
- The improvement to Club facilities and services.

## **Members Guarantee**

Scotts Head Bowling and Recreation Club Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up is limited to \$ 2, subject to the provisions of the company's constitution.

At 30 June 2018 the collective liability of members was \$1854 (2017: \$1870).



## Property Classification

In accordance with the Registered Club's Amendment Regulations 2007, the Board has previously determined that the Club's entire property is considered core property, as defined in the relevant Acts and Regulations.

## Meetings of directors

During the financial year, 14 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gary Dallwitz	11	10
Naomi Hmelnitsky	12	11
Victor Mankin	14	13
Nathan Evelyn	12	9
Lyn Narris	4	3
Liz Bush	14	13
Alan Bush	14	11
Tyrone Webber	14	10
Vanessa Barbour	14	14

**Auditor's independence declaration**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2018 has been received and can be found on page 10 of the financial report.

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

Director

V. Barbour

Director

A. Bush

Dated 19<sup>th</sup> day of September, 2018



## **Auditors Independence Declaration under Section 307C of the Corporations Act 2001**

### **To the Directors of Scotts Head Bowling and Recreation Club Ltd**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, 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.

HLV Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'A. Hooykaas', is written in a cursive style.

Aart Hooykaas

25 September 2018

Nambucca Heads

# Scotts Head Bowling and Recreation Club Ltd

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## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
<b>Income</b>			
Bar Revenue		816,943	835,356
Bistro Revenue		580,429	567,249
Poker Machine Revenue		502,593	432,440
Keno Revenue		23,925	18,935
Commission		33,009	34,822
Sub-Club Revenue		48,473	48,917
Green Fees		22,785	23,558
Member Subscriptions		8,887	9,550
Raffles & Bingo		68,392	72,337
Insurance Recoveries		15,475	-
Gaming Tax Rebate		17,180	17,180
Other income		5,278	2,820
<b>Total Income</b>		<b>2,143,369</b>	<b>2,063,164</b>
<b>Expenses</b>			
Cost of Goods Sold - Bar		(353,223)	(345,303)
Cost of Goods Sold - Bistro		(256,786)	(242,943)
Employee benefits expense		(810,756)	(781,339)
Finance costs		(9,167)	(11,568)
Depreciation and amortisation expense		(98,325)	(83,127)
Repairs & Maintenance		(103,661)	(89,787)
Sub-Club Expenses		(28,926)	(36,919)
Raffle & Bingo Expenses		(90,616)	(84,183)
Entertainment & Promotions		(107,977)	(121,528)
Loss on Disposal of Asset		-	(505)
Other operating expenses	16	(269,172)	(228,757)
<b>Total Expenses</b>		<b>(2,128,609)</b>	<b>(2,025,959)</b>
<b>Profit/(Loss) before income tax</b>		<b>14,760</b>	<b>37,205</b>
Income tax expense	1	-	-
<b>Profit/(Loss) for the year</b>		<b>14,760</b>	<b>37,205</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>14,760</b>	<b>37,205</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position

30 June 2018

	2018	2017
Note	\$	\$
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	215,735	151,105
Trade and other receivables	19,722	3,303
Inventories	47,684	45,423
Other assets	3,403	3,893
3	<u>286,544</u>	<u>203,724</u>
TOTAL CURRENT ASSETS		
NON-CURRENT ASSETS		
Financial assets	55	55
Property, plant and equipment	1,637,459	1,622,398
2	<u>1,637,514</u>	<u>1,622,453</u>
TOTAL NON-CURRENT ASSETS		
TOTAL ASSETS		
	<u>1,924,058</u>	<u>1,826,177</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Trade and other payables	207,144	164,978
4		
Borrowings	68,141	35,860
5		
Employee benefits	12,947	11,017
7		
Deferred Income	6,216	8,918
6		
6	<u>294,448</u>	<u>220,773</u>
TOTAL CURRENT LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	86,182	73,820
5		
Employee benefits	7,656	10,572
7		
7	<u>93,838</u>	<u>84,392</u>
TOTAL NON-CURRENT LIABILITIES		
TOTAL LIABILITIES		
	<u>388,286</u>	<u>305,165</u>
NET ASSETS		
	<u>1,535,772</u>	<u>1,521,012</u>
<b>EQUITY</b>		
Reserves	922,947	922,947
Retained earnings	612,825	598,065
7	<u>1,535,772</u>	<u>1,521,012</u>
TOTAL EQUITY		

The accompanying notes form part of these financial statements.

**Scotts Head Bowling and Recreation Club Ltd**

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**Statement of Changes in Equity**

**For the Year Ended 30 June 2018**

**2018**

	<b>Retained Earnings</b>	<b>Asset Revaluation Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2017</b>	<b>598,065</b>	<b>922,947</b>	<b>1,521,012</b>
Profit/ (Loss) for the year	<b>14,760</b>	<b>-</b>	<b>14,760</b>
<b>Balance at 30 June 2018</b>	<b>612,825</b>	<b>922,947</b>	<b>1,535,772</b>

**2017**

	<b>Retained Earnings</b>	<b>Asset Revaluation Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2016</b>	<b>560,860</b>	<b>922,947</b>	<b>1,483,807</b>
Profit/ (Loss) for the year	<b>37,205</b>	<b>-</b>	<b>37,205</b>
<b>Balance at 30 June 2017</b>	<b>598,065</b>	<b>922,947</b>	<b>1,521,012</b>

The accompanying notes form part of these financial statements.

**Scotts Head Bowling and Recreation Club Ltd**

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**Statement of Cash Flows**

For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	2,333,408	2,267,946
Payments to suppliers and employees	(2,190,009)	(2,119,340)
Interest received	(9,167)	(11,365)
Net cash provided by/(used in) operating activities	14 <u>133,372</u>	<u>137,241</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	<u>(14,725)</u>	(40,635)
Net cash used by investing activities	<u>(14,725)</u>	(40,635)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of finance lease liabilities and bank loan	<u>(54,017)</u>	(83,598)
Net cash used by financing activities	<u>(54,017)</u>	(83,598)
Net increase/(decrease) in cash and cash equivalents held	64,630	13,008
Cash and cash equivalents at beginning of year	<u>151,105</u>	138,097
Cash and cash equivalents at end of financial year	<u><u>215,735</u></u>	<u><u>151,105</u></u>

The accompanying notes form part of these financial statements.

# Scotts Head Bowling and Recreation Club Ltd

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

The financial report covers Scotts Head Bowling and Recreation Club Ltd as an individual entity. Scotts Head Bowling and Recreation Club Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Scotts Head Bowling and Recreation Club Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on .

Comparatives are consistent with prior years, unless otherwise stated.

The financial statements are for Scotts Head Bowling and Recreation Club Ltd as a not-for-profit individual entity.

### 1 Summary of Significant Accounting Policies

#### (a) Basis of preparation

The financial statements are a 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.

#### (b) Comparative figures

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

#### (c) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.



## **Notes to the Financial Statements**

**For the Year Ended 30 June 2018**

### **1 Summary of Significant Accounting Policies**

#### **(d) 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 (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct their own valuations to ensure the carrying amount of 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 credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against this reserve directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income.

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. Cost includes expenditure that is directly attributable to the asset.

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 Company 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. Land is not depreciated.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2018**

### **1 Summary of Significant Accounting Policies**

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2.5% - 10%
Plant and Equipment	3 - 50%

The assets' residual values, depreciation methods 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 the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### **(e) Financial Instruments**

#### **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company 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 an 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.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2018**

### **1 Summary of Significant Accounting Policies**

#### **(e) Financial Instruments continued**

*Amortised cost* is calculated as: the amount at which the financial asset or financial liability is measured at initial recognition;

- (a) less principal repayments;
- (b) 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
- (c) 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.

##### **(i) 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 year.

##### **(ii) 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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### **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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2018**

### **1 Summary of Significant Accounting Policies**

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.

#### **(f) Impairment of non-financial assets**

At the end of each reporting year, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. 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 it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

#### **(g) 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.

#### **(h) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements..

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2018**

### **1 Summary of Significant Accounting Policies**

#### **(i) Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### **(j) 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*.

#### **(k) 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 Company 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 the period.

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.

#### **(l) Revenue and other income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

##### **Sale of goods**

Revenue from the sale of goods is recognised at the point of delivery.

##### **Interest revenue**

Interest revenue is recognised on an accruals basis in the period in which the interest is earned.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2018**

### **1 Summary of Significant Accounting Policies**

#### **(l) Revenue and other income**

##### **Provision of services**

Revenue recognition relating to the provision of services is recognised upon delivery of the service to the customers.

##### **Subscriptions**

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

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

#### **(m) 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **(n) Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 2 Property, Plant and Equipment

	2018	2017
	\$	\$
Land and Buildings		
Freehold land		
At directors' valuation	545,000	545,000
Total Land	<u>545,000</u>	<u>545,000</u>
Building and Greens		
At directors' valuation	1,548,715	1,548,715
Accumulated depreciation	(739,318)	(698,428)
Total buildings and greens	<u>809,397</u>	<u>850,287</u>
Total land and buildings	<u>1,354,397</u>	<u>1,395,287</u>
Plant and equipment		
At cost	1,220,074	1,121,815
Accumulated depreciation	(939,935)	(896,794)
Total plant and equipment	<u>280,139</u>	<u>225,021</u>
Furniture, fixture and fittings		
At cost	114,808	113,381
Accumulated depreciation	(111,885)	(111,291)
Total furniture, fixture and fittings	<u>2,923</u>	<u>2,090</u>
Total plant and equipment	<u>283,062</u>	<u>227,111</u>
<b>Total property, plant and equipment</b>	<u><u>1,637,459</u></u>	<u><u>1,622,398</u></u>

The Company's land and buildings and greens were revalued at 1 July 1985 by independent valuers. The valuation resulted in a revaluation surplus of \$922,947 that was credited to an asset revaluation reserve in equity.

The 2018 valuation was performed by the Directors. Valuations were made on the basis of open market value in an arms length transaction based on similar properties. The directors have reviewed the key assumptions adopted by the valuers, available sales data and valuer general information and believe that the total carrying value of the land, buildings and greens correctly reflects the fair value less cost to sell at 30 June 2018.

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 2 Property, Plant and Equipment

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:

	Land \$	Buildings \$	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Total \$
<b>Balance at 30 June 2017</b>					
Balance at the beginning of year	545,000	850,287	225,021	2,090	1,622,398
Additions	-	-	111,959	1,427	113,385
Disposals - written down value	-	-	-	-	-
Depreciation expense	-	(40,890)	(56,841)	(594)	(98,325)
<b>Balance at 30 June 2018</b>	<b>545,000</b>	<b>809,397</b>	<b>280,139</b>	<b>2,923</b>	<b>1,637,459</b>

### 3 Other Assets

	2018 \$	2017 \$
CURRENT		
Prepayments	3,403	3,893

### 4 Trade and Other Payables

	2018 \$	2017 \$
CURRENT		
Trade payables	93,577	47,381
GST and PAYG payable	34,392	33,104
Accrued expenses	23,482	19,234
Superannuation Payable	6,843	7,763
Accrued Annual Leave	47,364	56,039
Affiliation Payable	1,486	1,458
<b>Total trade and other payables</b>	<b>207,144</b>	<b>164,979</b>



## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 4 Trade and Other Payables

(a) Financial liabilities at amortised cost classified as trade and other payables

	2018	2017
	\$	\$
Trade and other payables:		
- total current	<u>207,144</u>	164,979
Less:		
annual leave entitlements	<u>(47,364)</u>	(56,039)
Financial liabilities as trade and other payables	9 <u><u>159,780</u></u>	<u>108,940</u>

### 5 Borrowings

	2018	2017
	\$	\$
CURRENT		
Lease liability secured	59,476	27,195
Bank loans	<u>8,665</u>	8,665
<b>Total current borrowings</b>	<u><u>68,141</u></u>	<u>35,860</u>

	2018	2017
	\$	\$
NON-CURRENT		
Lease liability secured	73,283	43,014
Bank loans	<u>12,899</u>	30,806
<b>Total non-current borrowings</b>	<u><u>86,182</u></u>	<u>73,820</u>

(a) Leased Liabilities

Leased liabilities relate to the finance lease agreements for the purchase of a Type 4 Poker Machine equipment and license and Point of Sale terminals.

(b) Bank and mortgage loans

The Commonwealth Bank of Australia Ltd holds a registered mortgage and a registered equitable first mortgage over the assets of the Club. These mortgages secure the following borrowings by the Club and bank guarantees provided as listed below.

(i) A BetterBusiness Variable rate loan for \$120,000 with a ten year term commencing in

**Notes to the Financial Statements**

**For the Year Ended 30 June 2018**

**5 Borrowings**

March 2013. The terms of the loan require interest only payments for the first 24 months reverting to principal and interest for the remainder of the term. The balance at report date was \$21,564. The balance available for redraw at 30 June 2018 was \$51,804.

(ii) An overdraft facility with a limit of \$50,000.

(iii) A corporate credit card with a limit of \$5,000

(iv) Bank guarantees totalling \$15,000.

(c) Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

**6 Income in Advance**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Subscriptions in advance	<b>6,216</b>	6,200
WBC Carnival Income in advance	-	2,718
<b>Total income in advance</b>	<b>6,216</b>	<b>8,918</b>

**7 Employee Benefits**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Long service leave - Current	<b>12,947</b>	11,017
Long service leave - Non-current	<b>7,656</b>	10,572
<b>Total long service leave</b>	<b>20,603</b>	<b>21,589</b>

Reconciliation of amounts in the statement of financial position

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Beginning of the year	<b>21,589</b>	23,185
Change in Provision during the year	<b>6,804</b>	5,401
Benefits paid	<b>(7,790)</b>	(6,997)
<b>End of year</b>	<b>20,603</b>	<b>21,589</b>

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 8 Leasing Commitments

(a) Finance leases

Minimum lease payments:

- not later than one year	<b>52,510</b>	27,195
- between one year and five years	<b>62,835</b>	43,014
<b>Minimum lease payments</b>	<b>115,345</b>	<b>70,209</b>

The finance lease commitments relate to the following agreements:

(i) the purchase of two poker machines and their associated Type 4 licenses over a lease term of 3 years commencing in May 2018 with 36 minimum monthly payments of \$2,190.

(ii) the purchase of a Global Gaming System over a lease term of 3 years commencing in October 2017 with 36 monthly payments of \$616.66.

(iii) the purchase of a poker machine and its associated Type 4 license over a lease term of 3 years commencing in June 2016 and February 2017 with 36 minimum monthly payments of \$1,034 each.

(iv) the purchase of three Point of Sale terminals over a lease term of 5 years commencing in November 2015 with 60 minimum monthly payments of \$343.57 and the purchase of an additional terminal in January 2017 for a 5 year term with 60 minimum monthly payments of \$114.52.

(b) Operating leases

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	<b>3,601</b>	4,802
- between one year and five years	-	3,601
<b>Minimum lease payments</b>	<b>3,601</b>	<b>8,403</b>

In April 2015 the Multiscreen Equipment was upgraded under an agreement for a term of 48 months. No capital commitment exists in regards to this lease at expiration.

# Scotts Head Bowling and Recreation Club Ltd

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 9 Financial Risk Management

The main risks Scotts Head Bowling and Recreation Club Ltd is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

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

	2018	2017
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	215,735	151,105
- at cost		
- unlisted investments	55	55
<b>Total financial assets</b>	<b>215,790</b>	<b>151,160</b>
<b>Financial Liabilities</b>		
Financial liabilities at amortised cost		
- Trade and other payables	159,780	108,939
- Borrowings	154,323	109,680
<b>Total financial liabilities</b>	<b>314,103</b>	<b>218,619</b>

Credit risk

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

### 10 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding debts and obligations of the Company. At 30 June 2018 the number of members was 927 (2017: 935).

### 11 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the Company is \$294,614 (2017: \$286,430).

# Scotts Head Bowling and Recreation Club Ltd

85 001 056 775

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 12 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2018 (30 June 2017: None).

### 13 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.

No related party transactions occurred during the year.

### 14 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	2018	2017
	\$	\$
Profit for the year	14,760	37,205
Non-cash flows in profit:		
- depreciation	98,325	83,127
- net loss on disposal of property, plant and equipment	-	505
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(16,420)	1,616
- (increase)/decrease in prepayments	490	(19)
- (increase)/decrease in inventories	(2,261)	2,638
- increase/(decrease) in income in advance	(2,701)	(1,448)
- increase/(decrease) in trade and other payables	42,165	15,213
- increase/(decrease) in employee benefits	(986)	(1,596)
Cashflow from operations	<u>133,372</u>	<u>137,241</u>

### 15 Reserves

(a) Asset revaluation reserve

The asset revaluation reserve records unrealised gains on revaluation of land and buildings recorded at fair value.

# Scotts Head Bowling and Recreation Club Ltd

85 001 056 775

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 16 Other Expenses

Administration and management fees	2,229	1,061
Advertising	343	65
Audit fees	13,600	10,700
Auditor remuneration - other	9,690	4,120
Bank charges	9,265	8,099
Bookkeeping services	20,599	-
Cleaning	5,889	4,523
Computer expenses	1,695	2,614
Donations	2,270	2,271
Electricity and water	57,495	57,510
Equipment < \$300	3,746	5,502
Insurance	27,555	31,297
Medical supplies	-	523
Office equipment	8,992	9,052
Poker Machine CMS Payment	13,301	10,334
Postage	1,798	1,974
Printing and stationery	6,492	7,920
Rates and taxes	20,324	18,098
Registration fees	8,320	3,249
Security costs	27,171	31,025
Staff amenities	2,544	368
Subscriptions	8,327	6,373
Sundry expenses	10,189	4,979
Telephone and fax	6,344	6,799
Uniforms	994	301
<b>Total Other Expenses</b>	<b>269,172</b>	<b>228,757</b>

### 17 Events after Report Date

The financial report was authorised for issue on 25 September 2018 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which 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 future financial years.

**Scotts Head Bowling and Recreation Club Ltd**

85 001 056 775

**Directors' Declaration**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 2 to 20 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director ..... Director .....  
Vanessa Barbour Alan Bush

25 September 2018

# Independent Audit Report to the members of Scotts Head Bowling & Recreation Club Ltd

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Scotts Head Bowling & Recreation Club Ltd, which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards- RDR and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Annual Report and comprises of the Chairman's and Secretary's Report.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLV Audit Pty Ltd



Aart Hooykaas, Director

Nambucca Heads, NSW, 2448

25 September 2018

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