

**SOUTH TWEED BOWLS CLUB LTD
TRADING AS SOUTH TWEED SPORTS**

ABN: 47 001 067 081

**Financial Report For The Year Ended
30 June 2018**

South Tweed Bowls Club Ltd trading as South Tweed Sports

ABN: 47 001 067 081

Financial Report For The Year Ended 30 June 2018

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SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
ABN: 47 001 067 081
DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2018.

Directors

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

Russell Boyd
Hazel Ensbey
Alan Lynch
Stephen Read
Brian Spurway
Noelene Tauris
Charles Thygesen

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

Principal Activities

The principal activity of the company during the financial year was:

- Provide for Members and Members Guests a social and sporting Club highlighting the promotion of lawn bowls, and to provide a licensed club with all the usual facilities of a club catering for all age groups. The Club also endeavours to give the community a significant proportion of the clubs profits back by improving the Club's own amenities and continued support of various charities and community organizations.

Short-term and Long-term Objectives

The company's short-term and long-term objectives are to:

- Increase Membership numbers and attendance to ensure the Club's Income levels continue to grow.
- Reinvest into our member's facilities according to our patron's changing needs.
- Improve and consolidate the financial performance and cash position of the Club, adhering to budget models, and understanding that Revenue will fluctuate with market forces.
- Maintain strong ties and support within our community via the relevant support of local charities and community organizations.

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

- Review the Master Plan for the Club on a regular basis.
- Maximise advantages from any marketing opportunities that may arise.
- Re-Investment so it contributes to our vision of making quality, affordable and accessible member's facilities in line with market trends and member expectations.
- Maintain high customer service by providing regular and up to date staff training.
- Investigate alternatives for producing income from non-traditional sources.

Key Performance Measures

The entity measures its performance (including any key performance indicators) by:

- Monthly financial reporting and meetings using up to date accounting software and business tools.
- Comparison to Internal and Industry Financial Benchmarks to assess the outcomes of various strategic decisions.

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

Information on Directors

Russell Boyd	—	Chairman
Qualifications	—	Board Member since 24/11/2011, Business Analyst, B.Comm, BSc; Completed C.D.I Training - Director Foundation and Management Collaboration, Finance for Club Boards.
Special Responsibilities	—	Chairman Strategic Planning Committee, Member Finance Committee.

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DIRECTORS' REPORT

Hazel Ensbey	—	Director
Qualifications	—	Board Member since 7/11/2010; Completed C.D.I Training-Director Foundation and Management Collaboration.
Special Responsibilities	—	Member Catering/Beverage/Entertainment Committee, Member Gaming Committee
Alan Lynch	—	Director
Qualifications	—	Board member since 6/7/2015; Completed all C.D.I. Training - Finance for Club Boards, Director Foundation and Management Collaboration.
Special Responsibilities	—	Chairman Building and Maintenance Committee, Member Constitution and By Laws Committee, Member Finance Committee, Member Strategic Planning Committee
Stephen Read	—	Director
Qualifications	—	Board member since 20/11/2016; Completed C.D.I Training-Director Foundation and Management Collaboration.
Special Responsibilities	—	Chairman Catering/Beverage/Entertainment Committee, Chairman Gaming Committee
Brian Spurway	—	Deputy Chairman
Qualifications	—	Board member since 23/11/2014
Special Responsibilities	—	Member Finance Committee, Member Strategic Planning Committee, Member Building and Maintenance Committee
Noelene Tauris	—	Director
Qualifications	—	Board Member since 25/11/2012; Completed C.D.I. Training - Finance for Club Boards, Director Foundation and Management Collaboration.
Special Responsibilities	—	Member Constitution and By Laws Committee, Member Catering/Beverage/Entertainment Committee
Charles Thygesen	—	Director
Qualifications	—	Board member since 1/5/2017
Special Responsibilities	—	Chairperson Finance Committee, Member Strategic Planning Committee, Member Constitution and By Laws Committee

Meetings of Directors

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Russell Boyd	12	12
Hazel Ensbey	12	12
Alan Lynch	12	12
Stephen Read	12	12
Brian Spurway	12	12
Noelene Tauris	12	9
Charles Thygesen	12	12

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 \$3 each towards meeting any outstanding obligations of the company. At 30 June 2018, the total amount that members of the company are liable to contribute if the company is wound up is \$26,949 (2017: \$18,441).

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DIRECTORS' REPORT

Core – Non Core Property as required under Section 41J of The Registered Clubs Act

The Directors consider the Club's defined premises and all of its facilities to be Core Property. The directors do not consider the Club to have Non-Core Property.

Section 41J of the Act defines core property as meaning any real property owned or occupied by the Club that comprises:-

- (a) the defined premises of the club, or
- (b) any facility provided by the club for use of its members and their guests' or
- (c) any other property declared, by resolution passed by a majority of the members present at a general meeting of the ordinary members of the club, not to be core property of the Club.

Non-core property is defined as meaning any real property owned or occupied by the Club that is not core property.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 4 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Director

Russell Boyd

Dated this 8th day of October 2018

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
ABN: 47 001 067 081
AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF
THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SOUTH TWEED BOWLS CLUB LTD TRADING
AS SOUTH TWEED SPORTS

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

WFO Assurance Services Pty Ltd

Name of Firm WFD Assurance Services Pty Ltd

B. J. Dunnett

Name of Partner Barry Dunnett

Date 5/10/2018

Address **Office**
11 Nunawading Crt
Robina, QLD 4226

Registered Office
39 Wharf Street
Tweed Heads, NSW 2485

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
ABN: 47 001 067 081
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue	2	8,226,761	7,850,277
Other income	2	240,865	163,744
Employee benefits expense	3(a)	(2,495,008)	(2,631,190)
Depreciation and amortisation expense	3(a)	(653,361)	(696,733)
Interest expense	3(a)	(54,032)	(65,908)
Cost of sales	3(a)	(1,203,727)	(1,202,597)
Other expenses	3(b)	(3,833,115)	(3,603,323)
Profit/(loss) before income tax	13	<u>228,383</u>	<u>(185,730)</u>
Tax expense	1(i)	-	-
Profit/(loss)for the year		<u><u>228,383</u></u>	<u><u>(185,730)</u></u>

The accompanying notes form part of these financial statements.

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
ABN: 47 001 067 081
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Profit/(loss) for the year	<u>228,383</u>	<u>(185,730)</u>
Total comprehensive income for the year	<u><u>228,383</u></u>	<u><u>(185,730)</u></u>

The accompanying notes form part of these financial statements.

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	289,262	362,920
Trade and other receivables		19,789	31,028
Inventories		121,985	118,421
Prepayments		34,193	32,078
Total current assets		<u>465,229</u>	<u>544,447</u>
Non-current assets			
Property, plant and equipment	5	8,909,222	9,434,701
Deposits with suppliers	14	132,910	-
Total non-current assets		<u>9,042,132</u>	<u>9,434,701</u>
TOTAL ASSETS		<u>9,507,361</u>	<u>9,979,148</u>
LIABILITIES			
Current liabilities			
Trade and other payables	6	602,196	585,972
Borrowings	7	168,367	380,357
Provisions	8	275,553	338,512
Total current liabilities		<u>1,046,116</u>	<u>1,304,841</u>
Non-current liabilities			
Trade and other payables	6	34,430	36,703
Borrowings	7	1,061,063	1,500,236
Provisions	8	269,949	269,948
Total non-current liabilities		<u>1,365,442</u>	<u>1,806,887</u>
TOTAL LIABILITIES		<u>2,411,558</u>	<u>3,111,728</u>
NET ASSETS		<u>7,095,803</u>	<u>6,867,420</u>
EQUITY			
Retained surplus		7,095,803	6,867,420
TOTAL EQUITY		<u>7,095,803</u>	<u>6,867,420</u>

The accompanying notes form part of these financial statements.

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Retained Earnings \$	Total \$
Balance at 1 July 2016	7,053,150	7,053,150
Comprehensive Income		
Profit/(loss) for the year	(185,730)	(185,730)
Total comprehensive income attributable to the entity	(185,730)	(185,730)
Balance at 30 June 2017	6,867,420	6,867,420
Balance at 1 July 2017	6,867,420	6,867,420
Comprehensive Income		
Profit/(loss) for the year	228,383	228,383
Total comprehensive income attributable to the entity	228,383	228,383
Balance at 30 June 2018	7,095,803	7,095,803

The accompanying notes form part of these financial statements

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, tenants and patrons		9,042,097	8,600,490
Payments to suppliers, employees and ATO		(8,391,342)	(8,233,886)
Interest received		707	50
Interest paid		(54,032)	(65,908)
Net cash (used in)/ generated from operating activities		<u>597,430</u>	<u>300,746</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		12,800	-
Proceeds from sale of gaming entitlements	13	240,831	163,636
Payment for property, plant and equipment	14	(273,556)	(186,454)
Net cash from/(used in) investing activities		<u>(19,925)</u>	<u>(22,818)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings			
• Instalment arrangements		(351,163)	(343,047)
• CBA loan		(300,000)	-
Proceeds from borrowings		-	110,000
Net cash from/(used in) financing activities		<u>(651,163)</u>	<u>(233,047)</u>
Net increase in cash held		(73,658)	44,881
Cash on hand at beginning of the financial year		362,920	318,039
Cash on hand at end of the financial year	4	<u><u>289,262</u></u>	<u><u>362,920</u></u>

The accompanying notes form part of these financial statements.

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

South Tweed Bowls Club Ltd trading as South Tweed Sports applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 8 October 2018 by the directors of the company.

Accounting Policies

(a) Revenue

Gaming subsidies are recognised in the period received, which aligns with the timeframe the poker machines are patronised.

Revenue from gaming is derived from poker machines and is recognised 'net' of payouts to players.

Revenue from beverage sales is recognised when beverage is acquired by patrons.

Revenue from catering sales is recognised when food is acquired by patrons.

Revenue from raffles is derived from ticket sales and is recognised in the period the raffle is drawn.

Revenue from members subscriptions is aligned with the period the members utilise the facilities provided and paid for. Those received in advance for future years are deferred until those timeframes are reached and are recognised, in the meanwhile, as a liability in the statement of financial position.

Revenue from mat fees is recognised in the period the bowling green is used by playing patrons for such purposes. The receipt of fees and playing of bowls usually occurs in the same timeframe.

Rent received from the use of club facilities is recognised in accordance with negotiated lease agreements. The periods recognised equate to those of the financial year under review. Rent received in advance for future years is deferred until those timeframes are reached and is recognised, in the meanwhile, as a liability in the statement of financial position.

Commission revenue derived from patronising the ATM, Keno and TAB facilities provided, are recognised in the period it is earned.

Donations and bequests are recognised as revenue when received.

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

Revenue from promotional rebates are recognised in the period they are earned, per the negotiated contracts.

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

(b) Inventories

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

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

(c) Property, Plant and Equipment

The entity applies the cost model as its accounting policy to property, plant and equipment.

Freehold Property

Freehold land is not depreciated. Land improvements are shown at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of land improvements is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised in profit and loss.

Buildings are shown at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of buildings is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised in profit and loss.

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Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

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

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

Class of Fixed Asset	Depreciation Rate
Buildings	1.5 - 20%
Plant and equipment	2 - 33%
Land improvements	2.9%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

(d) 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 recognised immediately as expenses in profit or loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(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.

(ii) Financial liabilities

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

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire 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 when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is 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.

(e) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(f) Employee Benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, in which case the obligations are presented as current liabilities.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

(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, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) 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 Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(i) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(j) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(k) Comparative Figures

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

(l) Trade and Other Payables

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(m) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements 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.

Key Estimates

Long Service Leave Entitlement

Assessments are made on the probability of staff taking long service leave. This took into account history within the Club itself and characterisation of the Club industry. Staff with less than four years service were assessed at 21-36%, four years at 49%, five years at 55%, six years at 65%, seven years at 75%, eight years at 80% and nine years and beyond at 100%.

Depreciation and impairment considerations

Assessments are made of the useful life of buildings, land improvements, plant and machinery. Depreciation rates are set accordingly.

Points are earned by members on their patronage of poker machines. Management makes an estimate on the probability of points redeemed. This is considered to be 90%. Points owing to members are disclosed under trade and other payables.

Key Judgements

Employee benefits

For the purpose of measurement, AASB 119: *Employee Benefits* (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the Company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12 month period that follows (despite an informal Company policy that requires annual leave to be used within 18 months), the Directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

(n) Economic Dependence

South Tweed Bowls Club Ltd trading as South Tweed Sports is dependent on the members and patrons for the majority of its revenue used to operate the business. It is dependant on Commonwealth Bank Australia 's borrowing facilities from time to time, to settle its current liability commitments as and when they become due and payable. It is further dependent on such facilities for capital expenditure requirements from time to time. At the date of this report the Board of Directors has no reason to believe the members, patrons nor CBA will not continue to support South Tweed Bowls Club Ltd trading as South Tweed Sports.

Note 2 Revenue and Other Income

Revenue	Note	2018 \$	2017 \$
Revenue from government grants and operating activities			
— Gaming		4,684,494	4,288,296
— Catering	3(b)(ii)	1,658,209	1,737,850
— Beverage		1,314,136	1,260,978
— Entertainment and promotions	2(a)	172,606	176,244
— Commission received	2(b)	149,960	145,297
— Bowls and tournaments		92,742	85,626
— Rentals		42,388	46,544
— Other	3(b)(ii), 2(c)	111,519	109,392
		8,226,054	7,850,227
Other revenue			
— Interest received		707	50
Total revenue		8,226,761	7,850,277

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Other income			
— Gain on disposal of property, plant and equipment		34	-
— Profit on sale of gaming entitlements	13	240,831	163,636
— Sundry income		-	108
Total other income		<u>240,865</u>	<u>163,744</u>
Total revenue and other income		<u><u>8,467,626</u></u>	<u><u>8,014,021</u></u>

- (a) Entertainment and promotions revenue includes bingo and raffles.
(b) Commission received is in respect of the TAB, Keno and the ATM.
(c) "Other" includes rebates, social subs and sponsorships.

Note 3 Expenses

		2018 \$	2017 \$
(a) Expenses			
Employee benefits expense:			
— Employee benefits expense including contributions to defined contribution superannuation funds		2,495,008	2,631,190
— Employee on-costs	3(b)	215,798	209,139
Total employee benefits expense		<u>2,710,806</u>	<u>2,840,329</u>
Depreciation and amortisation:			
— Land and buildings		202,558	217,080
— Plant and equipment		450,803	479,653
Total depreciation and amortisation		<u>653,361</u>	<u>696,733</u>
Finance costs:			
— Interest expense on financial liabilities		54,032	65,908
Directors honorariums		<u>25,239</u>	<u>25,308</u>
Cost of sales			
— Beverage		556,702	523,963
— Catering		647,025	678,634
		<u>1,203,727</u>	<u>1,202,597</u>

		2018 \$	2017 \$
(b) Other			
— Entertainment & promotions	3(b)(ii)	1,258,608	1,090,371
— Gaming	3(b)(i)/(ii)	874,799	801,073
— Administrative & overheads	3(b)(ii)	478,406	528,617
— Repairs, maintenance & security	3(b)(ii)	732,223	687,374
— Employee on costs	3(a)	215,798	209,139
— Catering		102,153	113,004
— Bowling		100,174	102,420
— Beverage		26,357	35,019
— Sub - club		15,073	13,074
— Membership		17,767	12,405
— Finance		11,757	10,437
— Tournament		-	390
		<u>3,833,115</u>	<u>3,603,323</u>

- (b) (i) Gaming includes poker machine tax, monitoring fees and support fees.
(ii) Elements of entertainment & promotions, gaming, admin & overheads, catering and R&M have been reclassified in the 2018 financial year. The comparatives have been restated accordingly.

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 4 Cash and Cash Equivalents

	Note	2018 \$	2017 \$
CURRENT			
Cash at bank - unrestricted		289,262	362,920
Total cash on hand as stated in the statement of financial position and statement of cash flows	11	<u>289,262</u>	<u>362,920</u>
		<u>289,262</u>	<u>362,920</u>

Note 5 Property, Plant and Equipment

	2018 \$	2017 \$
LAND AND BUILDINGS		
Freehold land:		
— At cost	2,194,829	2,194,829
Land improvements:		
— At cost	1,385,409	1,385,409
— Less accumulated depreciation	<u>(1,059,838)</u>	<u>(1,032,130)</u>
	325,571	353,279
Total land	<u>2,520,400</u>	<u>2,548,108</u>
Buildings:		
— At cost	8,522,986	8,522,986
— Less accumulated depreciation	<u>(4,093,972)</u>	<u>(3,919,122)</u>
Total buildings	<u>4,429,014</u>	<u>4,603,864</u>
Total land and buildings	<u>6,949,414</u>	<u>7,151,972</u>
PLANT AND EQUIPMENT		
Plant and equipment:		
— At cost	6,593,231	7,080,536
— Less accumulated depreciation	<u>(4,633,423)</u>	<u>(4,797,807)</u>
Total plant and equipment	<u>1,959,808</u>	<u>2,282,729</u>
Total property, plant and equipment	<u>8,909,222</u>	<u>9,434,701</u>

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 \$	Total \$
2018				
Balance at the beginning of the year	2,548,108	4,603,864	2,282,729	9,434,701
Additions at cost	-	-	140,648	140,648
Disposals	-	-	(12,766)	(12,766)
Depreciation expense	<u>(27,708)</u>	<u>(174,850)</u>	<u>(450,803)</u>	<u>(653,361)</u>
Carrying amount at the end of the year	<u>2,520,400</u>	<u>4,429,014</u>	<u>1,959,808</u>	<u>8,909,222</u>

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 6 Trade and Other Payables

	Note	2018 \$	2017 \$
CURRENT			
Trade payables		168,119	164,810
Deferred income - membership fees in advance		31,640	45,923
Other payables		93,506	101,107
Clearing accounts and reward points		187,396	119,345
GST payable		121,535	154,787
	6(a)	602,196	585,972
NON-CURRENT			
Deferred income		34,430	36,703
	6(a)	34,430	36,703
	Note	2018 \$	2017 \$
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:			
— Total current		602,196	585,972
— Total non-current		34,430	36,703
		636,626	622,675
Less deferred income		(66,070)	(82,626)
Financial liabilities as trade and other payables	11	570,556	540,049

Note 7 Borrowings

		2018 \$	2017 \$
CURRENT			
Instalment arrangements	7(d)	168,367	380,357
		168,367	380,357
NON-CURRENT			
Instalment arrangements	7(d)	61,063	200,236
Bank loan - CBA	7(b)	1,000,000	1,300,000
		1,061,063	1,500,236
TOTAL BORROWINGS	11	1,229,430	1,880,593
(a) The carrying amounts of non-current assets pledged as security are:			
Freehold land and buildings	5	6,949,414	7,151,942

(b) Bank loan details

Facility summary

Total facility summary at 30 June 2018	Interest	Period	Repayment arrangements	Facility	Utilised	Available
— Better Business Loan	Fixed at 5.2%	7/2/17-7/2/22	interest only until 7/2/22	1,000,000	(1,000,000)	-
— Better Business Loan	Variable	7/2/17-7/2/22	interest only until 7/2/22	1,420,000		1,420,000
— Corporate Charge Card	Variable		closed monthly	30,000	-	30,000
				2,450,000	(1,000,000)	1,450,000

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Security

Security for all facilities is as follows

- First Registered Mortgage by South Tweed Bowls Club Ltd over non-residential property situated at 4-8 Minjungbal Dr and 1 Altair Street Tweed Heads South NSW 2486
- General Security Interest by South Tweed Bowls Club Ltd comprising:
 - First ranking charge over All Present and After Acquired Property
 - Excluding any property that does not relate in any way to the Registered Club business of the Grantor known as South Tweed Sports (the Business) or used in any way in relation to the Business.

(c) Exposure of loan	2018	2017
The exposure of the loan to interest rate fluctuations are as follows:	\$	\$
— Variable	-	300,000
	-	300,000
	-	300,000

(d) Instalment arrangements

Details	Start	End	Due within 12 months (current)	Due after 12 months (non-current)
— Aristocrat T4 Platinum/ diamond EGMs (various)	15/10/2015	15/11/2019	142,930	61,063
— Cash Redemption Terminal	23/03/2018	22/02/2019	25,437	-
			168,367	61,063

(e) Repayment of instalment arrangements

In recent years, suppliers of equipment have offered the company vendor or finance arrangements whereby the supplier acts as the financier and is repaid in agreed instalments.

The cash flow statement reports as a cash outflow, under the financing activities category, such instalment repayments.

(f) Liquidity

The company's current liabilities exceed its current assets by \$580,887 at 30 June 2018 (2017:\$760,394). This together with other liquidity ratios indicate that it is necessary, from time to time, to access the banks loan facility (note 7(b)), to settle its debts as and when they become due and payable.

Note 8 Provisions

	Note	2018	2017
CURRENT		\$	\$
Provision for employee benefits: annual leave		199,152	202,318
Provision for employee benefits: long service leave		27,176	61,465
Linked jackpots dispersal	8(b)	48,294	58,869
Sick leave		931	15,860
		275,553	338,512
NON-CURRENT			
Provision for employee benefits: long service leave	8(a)	203,628	203,627
Annual leave		66,321	66,321
		269,949	269,948
		545,502	608,460

Analysis of total provisions:

	Employee Benefits	Linked Jackpots Dispersal	Total
Opening balance at 1 July 2017	549,591	58,869	608,460
Additional provisions raised during the year	201,952	26,306	228,258
Amounts used	(254,335)	(36,881)	(291,216)
Balance at 30 June 2018	497,208	48,294	545,502
	497,208	48,294	545,502

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
ABN: 47 001 067 081
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(a) Employee Provisions

Employee provisions represents amounts accrued for annual leave and long service leave.

The current portion for this provision reflects those entitlements expected to be settled wholly within 12 months.

The Accounting Standards require that vested leave entitlements are classified as 'current'.

However in regards to long service leave where the vested element is \$197,088, it is estimated that \$27,176 will be taken within the company's operating cycle (12 months). There were no plans in place for staff to take long service leave. Furthermore, in a number of instances, staff have accumulated annual leave in addition to their long service leave, the latter likely to be taken first.

Accordingly, \$169,912 long service leave is included in the non-current portion of long service leave.

Had the company complied fully with the Standard, the company's current liabilities would have totalled \$1,216,020.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(f).

(b) Provision for Linked Jackpot Dispersals

On 3 July 2015, Government introduced amendments to the way in which Progressive Dispersals can be paid.

There are two methods by which the company can pay dispersal funds:

- add the dispersal amounts back onto a Progressive Jackpot Electronic Gaming Machine
- pay the amount to the OLGR

Dispersal is the amount of money that remains on a progressive machine/system's jackpots/s, less the start-up value, at the time of conversion or disposal of a progressive machine/system. This equates to the provision.

Note 9 Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

The Men's Bowls, Ladies Bowls and Premier League have voted to amalgamate their committees/sub-clubs into a single entity, creating South Tweed Bowling Club. Nominees have been called for the new committee.

Note 10 Key Management Personnel Compensation

Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel (KMP).

The totals of remuneration paid to KMP of the company during the year are as follows:

	2018	2017
	\$	\$
KMP compensation:	413,376	346,908
	413,376	346,908

Note 11 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, bank accounts, payables and borrowings.

The carrying amounts 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:

	Note	2018	2017
		\$	\$
Financial assets			
Cash and cash equivalents	4	289,262	362,920
Trade and other receivables		19,789	31,028
Total financial assets		309,051	393,948
Financial liabilities			
Financial liabilities at amortised cost:			
— trade and other payables	6(a)	570,556	540,049
— borrowings	7	1,229,430	1,880,593
Total financial liabilities		1,799,986	2,420,642

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
ABN: 47 001 067 081
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 12 Impact of New Standards - AASB15 Revenue from Contracts with Customers and AASB17 Leases

AASB 15 will come into effect on 1 July 2018 and will replace all current revenue standards and interpretations, including AASB 18 Revenue. Under the new accounting standard, revenue will be recognised upon satisfaction of performance obligations, which occurs when control of the goods or services are transferred to the customer.

AASB 17 Leases will come into effect on 1 July 2019 and will replace the current AASB 17 Lease standard. Under the new accounting standard, operating leases will be capitalised.

The entity has determined that neither standard will have a significant impact on its current year's financial statements.

Note 13 Sale of poker machine entitlements

Statement of profit and loss

Gaming entitlements were sold in the 2018 and 2017 financial years for a profit/gain of \$240,831 and \$163,636 respectively ('sale').

This has had a material effect on the reported profit/(loss) before tax as disclosed below:

	2018	2017
	\$	\$
— Net profit/(loss) before tax <u>excluding</u> 'sale'	(12,448)	(349,366)
— Profit on 'sale' of gaming entitlements	240,831	163,636
— Net profit/(loss) before tax as reported	228,383	(185,730)

Statements of cashflows

Sales of gaming entitlements are categorised as investment activities.

Note 14 Deposits with suppliers

Deposits to secure the purchase of plant and equipment were made prior to year end. As at 30 June 2018, such plant and equipment were not received. The recognition as plant and equipment will be affected in the 2019 financial year.

In terms of the statement of cash flows, such deposits have been categorised under investing activities forming part of payment for property, plant & equipment (\$273,556).

Note 15 Entity Details

The registered office of the entity is:

South Tweed Bowls Club Ltd trading as South Tweed Sports
4 Minjungbal Drive
Tweed Heads South NSW 2486

The principal place of business is:

South Tweed Bowls Club Ltd trading as South Tweed Sports
4 Minjungbal Drive
Tweed Heads South NSW 2486

Note 16 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$3 towards meeting any outstanding obligations of the entity. At 30 June 2018 the number of members was 8,983.

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS

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DIRECTORS' DECLARATION

1. The financial statements and notes, as set out on pages 5 to 19, are in accordance with the Corporations Act 2001 and:
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.



Director

Russell Boyd

Dated this 8th day of October 2018

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
ABN: 47 001 067 081
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of South Tweed Bowls Club Ltd trading as South Tweed Sports (the company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of South Tweed Bowls Club Ltd trading as South Tweed Sports 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 then ended; and
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 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 auditor independence requirements of the ACNC Act and 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 South Tweed Bowls Club Ltd trading as South Tweed Sports, 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.

Emphasis of Matters

Without qualification to our opinion attention is drawn to the following matters:

- i. Note 7(f) - the company's liquidity position and the banks available facility at year end per note 7(b).
- ii. Note 8(a) - vested long service leave entitlements classified as 'non-current'.
- iii. Note 12 - the impact of the new accounting standards.
- iv. Note 13 - the impact on the company's results for the sale of gaming entitlements.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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, 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 the 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 – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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.

SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS
ABN: 47 001 067 081
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SOUTH TWEED BOWLS CLUB LTD TRADING AS SOUTH TWEED SPORTS

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 the 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 this 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the entity audit. We remain solely responsible for our audit opinion.

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.



Auditor's name and signature: Barry Dunnett



Name of firm: WFD Assurance Services Pty Ltd

Address: **Office**
11 Nunawading Crt
Robina, QLD 4226

Registered office
39 Wharf Street
Tweed Heads, NSW 2485

Dated this 10th day of October 2018