

**ANNUAL FINANCIAL REPORT**

**OF**

**CARLINGFORD BOWLING, SPORTS AND RECREATION CLUB LIMITED**  
**ABN 67 000 110 976**

**FOR THE YEAR ENDED**

**30 JUNE 2018**

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**CARLINGFORD BOWLING, SPORTS & RECREATION CLUB LIMITED**  
**ABN 67 000 110 976**

**DIRECTORS' REPORT**

Your directors present their report on the financial statements of Carlingford Bowling, Sports & Recreation Club Limited ('the company') for the year ended 30 June 2018.

**INFORMATION ON DIRECTORS**

The names of directors who held office at any time during, or since the end of the year, are set out below together with the information on each director's experience, qualifications and special responsibilities:

Names of directors	Occupation/ Qualifications	Position/Special Responsibilities	Years as Director
Nick Martelli	Accountant/Company Director	Chairman	12
Graham Bale	Retired	Vice Chairman	6
Greg Laws	CPA	Treasurer	2
Mathew Cashmore	Accounts Manager	Director	4
Nigel White	Town Planner	Director	3
Frank Borg	Council Worker	Director	4
Bill Sutcliffe	Retired / Bank Manager	Director	2
Richard Goggin	School Teacher	Director	2
David Gleeson Appointed 25/10/2017	Builder	Director	1

**MEETINGS OF DIRECTORS**

During the financial year 15 meetings of directors were held and attended as follows:

Name	Directors Meetings	
	No eligible to attend	Attended
Nick Martelli	15	14
Graham Balke	15	12
Greg Laws	15	14
Mathew Cashmore	15	13
Nigel White	15	15
Frank Borg	15	14
Bill Sutcliff	15	10
Richard Goggin	15	12
David Gleeson	12	12

**COMPANY SECRETARY**

Shaun Johns was Company Secretary of the Company for the whole of the financial year and continues in office at the date of this report. Shaun joined the Club on 6 April 2010 and has been the Secretary Manager since that date. Shaun has 22 years of experience in the club industry, is a member of Clubs NSW, Clubs Directors Institute and Club Managers Association of NSW.

## CORPORATE INFORMATION

The club is a 'not for profit' entity, registered as a company limited by guarantee. It does not issue shares to its members. Under its constitution it does not have the capacity to issue dividends to its members. Any surplus on winding up will be distributed to an organisation which has similar objects as dictated by the Constitution.

The club has varying classes of membership as set out below:

If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards any outstanding obligations of the company. As at 30 June 2018 the number of members was 4,939 (2017: 3,975).

## DETAILS ON MEMBERS

Each class of membership in the company:

Class	Number		Liability of members on a wind up	
	2018	2017	2018	2017
Ordinary Members (Non Bowling)	4,001	3,450	\$40,010	\$34,500
Ordinary Members (Bowling)	419	208	\$4,190	\$2,080
Social Life Members	501	307	\$5,010	\$3,070
Honorary Life Members	18	10	\$180	\$100
Total	4,939	3,975	\$49,390	\$39,750

## SHORT AND LONG TERM OBJECTIVES OF THE ENTITY

The club's objectives are to focus on:

1. the development and delivery of premium club facilities and services to its members and guests
2. to foster the game of bowls
3. the promotion of the social welfare of its members and community sports and recreational organisations

## STRATEGY FOR ACHIEVING THOSE OBJECTIVES

The strategy for achieving the objectives has been to:

1. update the premises to reflect the quality of appearance of the club
2. constantly monitor and improve the services of the gaming, bar and bistro areas
3. attract quality entertainment to the venue at reasonable prices
4. support the Men's and Ladies bowling activities
5. support local sporting and community organisations

## PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were those of a licensed club. No significant changes in the nature of these activities occurred during the year.

## HOW THOSE ACTIVITIES ASSISTED IN ACHIEVING THE CLUB'S OBJECTIVES

The cash flows of the club will continue to be employed in enhancing the abovementioned facilities, meeting the needs of the debt reduction program and the provision of donations to the local sporting and community support organisations, public schools, including donations to Lions Club of Carlingford-Dundas, Alzheimer's Australia, NSW Yates Avenue OOSH Programme, Carlingford Cougars Junior Rugby League, North Rocks Junior Rugby Union to name a few.

## HOW THE CLUB MEASURES ITS PERFORMANCE

The club measures its performance based on:

- a. the number of members and guests that the club has attracted in the year

## OPERATING RESULTS

The net profit of the company for the year after providing for income tax benefit was \$84,746 (2017: profit \$62,601).

	2018	2017
	\$	\$
Operating profit before depreciation and amortisation, surplus on disposal of assets and finance charges	370,078	390,177
Add:		
Gain on disposal of fixed assets	104,784	62,520
Less:		
Depreciation and amortisation expense	(364,101)	(372,000)
Borrowing costs	(26,015)	(18,096)
	<u>84,746</u>	<u>62,601</u>

Significant factors affecting the performance were:

- investment in the electronic ticketing software TITO to improve the poker machine service and reduce wages
- reduced performances were in the area of poker machines

intends to continue with the:

- investment in the club's gaming room
- investment in the upgrades of the older poker machines
- investment in the club's premises, greens and grounds

## AUDITOR'S INDEPENDENCE DECLARATION


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

## RESOLUTION

This report is made in accordance with a resolution of the Board of directors and is signed for and on behalf of the directors by:



Nick Martelli  
Chairman

  
.....  
Greg Laws  
Treasurer

Signed and dated in Sydney this 25<sup>th</sup> day of October 2018

# W. L. BROWNE & ASSOCIATES PTY LTD

ABN 13 151 379 109

JOHN CHEADLE F.C.A.  
BRADLEY TURNER C.A.

john@wlbrowne.com.au  
brad@wlbrowne.com.au

Suite 8, 924 Pacific Highway  
Gordon NSW 2072  
PO BOX 294, Gordon NSW 2072  
Telephone: 02 9498 5250  
Fax: 02 9498 5759

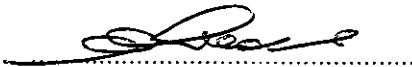
## AUDITOR'S INDEPENDENCE DECLARATION

Lead Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

To the Directors of Carlingford Bowling, Sports & Recreation Club Limited

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.



John C. Cheadle  
Registered Company Auditor

Dated: 25<sup>th</sup> October 2018

# W. L. BROWNE & ASSOCIATES PTY LTD

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Suite 8, 924 Pacific Highway  
Gordon NSW 2072  
PO BOX 294, Gordon NSW 2072  
Telephone: 02 9498 5250  
Fax: 02 9498 5759

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CARLINGFORD BOWLING, SPORTS & RECREATION CLUB LIMITED

### Report on the Audit of the Financial Report

#### Opinion

I have audited the accompanying financial report of Carlingford Bowling, Sports & Recreation Club Limited (the Company), which comprises the Statement of Financial Position as at 31 August 2018, Statement of profit or loss and other Comprehensive Income, 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 my 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 31 August 2018 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

#### Basis of Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am 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. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the company's annual report for the year ended 31 August 2018, but does not include the financial report and my auditor's report thereon.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### Responsibility 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 - 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 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



### Auditor's Responsibility for the Audit of the Financial Report

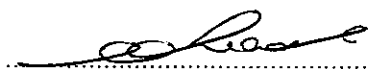
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

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



.....  
John C. Cheadle-Chartered Accountant  
W L Browne & Associates  
Suite 8, 924 Pacific Highway, Gordon NSW 2072  
Dated: 25th October 2018



**CARLINGFORD BOWLING, SPORTS & RECREATION CLUB LIMITED**  
**ABN 67 000 110 976**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements comprising the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity and accompanying notes to the financial statements:
  - (a) comply with Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001; and
  - (ii) give a true and fair view of the financial position of the company as at 30 June 2018 and of the performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors dated ~~25~~<sup>25/1</sup> day of October 2018.



.....  
Nick Martelli  
Chairman



.....  
Greg Laws  
Treasurer

**CARLINGFORD BOWLING, SPORTS & RECREATION CLUB LIMITED**  
**ABN 67 000 110 976**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
Trading revenue - net poker machine		2,261,029	2,148,503
Trading revenue - other		1,725,118	1,689,303
Other revenue		487,342	237,618
<b>Total revenue</b>	<b>2</b>	<b><u>4,473,489</u></b>	<b><u>4,075,424</u></b>
Employee cost and entitlements		(960,381)	(884,705)
Depreciation and amortisation		(364,101)	(372,000)
Poker Machine taxes		(305,329)	(277,349)
Borrowing costs		(26,015)	(18,096)
Other expenses		(2,732,917)	(2,460,673)
<b>Total expenses</b>	<b>2</b>	<b><u>(4,388,743)</u></b>	<b><u>(4,012,823)</u></b>
<b>Profit before income tax expense</b>		<b>84,746</b>	<b>62,601</b>
Income tax expense	1(i)	-	-
<b>Profit for the year</b>		<b>84,746</b>	<b>62,601</b>
Other Comprehensive Income		-	-
<b>Profit for the year</b>		<b><u>84,746</u></b>	<b><u>62,601</u></b>

The above statements should be read in conjunction with  
the accompanying notes to the financial statements

**CARLINGFORD BOWLING, SPORTS & RECREATION CLUB LIMITED**  
**ABN 67 000 110 976**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Note	Revaluation Reserve \$	Accumulated Funds \$	Total \$
<b>Balance as at 30 June 2016</b>		-	2,528,153	2,528,153
Net assets acquired (Denistone merger)		4,467	299,267	303,734
Profit for the year		-	62,601	62,601
Revaluation increment on Freehold Land & Buildings (Denistone)	6	<u>2,100,000</u>	<u>-</u>	<u>2,100,000</u>
<b>Balance as at 30 June 2017</b>		2,104,467	2,890,021	4,994,488
Net assets acquired (Brush Park merger)		160,000	(78,128)	81,872
Profit for the year		-	84,746	84,746
Revaluation increment on Freehold Land & Buildings (Brush Park)	6	<u>3,396,157</u>	<u>-</u>	<u>3,396,157</u>
<b>Balance as at 30 June 2018</b>		<u><u>5,660,624</u></u>	<u><u>2,896,639</u></u>	<u><u>8,557,263</u></u>

The above statements should be read in conjunction with  
the accompanying notes to the financial statements

**CARLINGFORD BOWLING, SPORTS & RECREATION CLUB LIMITED**  
**ABN 67 000 110 976**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash	3	231,614	259,133
Receivables	4	53,566	56,015
Inventories	5	47,352	31,427
<b>TOTAL CURRENT ASSETS</b>		<u><b>332,532</b></u>	<u><b>346,575</b></u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	8,560,313	4,649,789
Intangibles	7	1,395,409	1,192,066
<b>TOTAL NON-CURRENT ASSETS</b>		<u><b>9,955,722</b></u>	<u><b>5,841,855</b></u>
<b>TOTAL ASSETS</b>		<u><b>10,288,254</b></u>	<u><b>6,188,430</b></u>
<b>CURRENT LIABILITIES</b>			
Payables	8	701,027	527,212
Interest bearing liabilities	9	313,634	423,224
Provisions	10	113,472	86,373
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>1,128,133</b></u>	<u><b>1,036,809</b></u>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing liabilities	9	602,858	157,133
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u><b>602,858</b></u>	<u><b>157,133</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>1,730,991</b></u>	<u><b>1,193,942</b></u>
<b>NET ASSETS</b>		<u><b>8,557,263</b></u>	<u><b>4,994,488</b></u>
<b>FUNDS</b>			
Accumulated Funds		8,557,263	4,994,488
<b>TOTAL FUNDS</b>		<u><b>8,557,263</b></u>	<u><b>4,994,488</b></u>

The Statement of Financial Position should be read in conjunction with  
the accompanying notes to the financial statements

**CARLINGFORD BOWLING, SPORTS & RECREATION CLUB LIMITED**  
**ABN 67 000 110 976**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	<b>Note</b>	<b>2018</b>	<b>2017</b>
		\$	\$
<b>Cash from operating activities:</b>			
Receipt from customers		4,253,220	3,953,931
Payments to suppliers and employees		(3,911,077)	(3,443,612)
Interest paid		(26,015)	(18,096)
<b>Net cash provided by operating activities</b>	15(a)	316,128	492,223
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment and merger costs		(823,168)	(612,757)
Proceeds on sale of property, plant and equipment		104,784	62,520
<b>Net cash (used in) investing activities</b>		(718,384)	(550,237)
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings		565,411	195,784
Repayment of borrowings		(229,276)	(250,000)
<b>Net cash provided/(used in) financing activities</b>		336,135	(54,216)
<b>Net decrease in cash held</b>		(66,121)	(112,230)
Cash at the beginning of the financial year		259,133	300,177
Add: Cash acquired on amalgamation		38,602	71,186
<b>Cash at the end of the financial year</b>	15(b)	<b>231,614</b>	<b>259,133</b>

The Statement of Cash Flows should be read in conjunction with  
the accompanying notes to the financial statements

**CARLINGFORD BOWLING, SPORTS & RECREATION CLUB LIMITED**  
**ABN 67 000 110 976**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements for the year ended 30 June 2018 were authorised in accordance with a resolution of the directors on 22 November, 2017 as required by the *Corporations Act 2001*.

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Carlingford Bowling, Sports & Recreation Club Limited is a not-for-profit company limited by guarantee.

**(a) The Basis of Accounting**

The financial statements have been prepared on a historical cost basis/

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accompanying policies have been consistently applied, unless otherwise stated.

**(b) Going Concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal trading activities and realisation of assets and settlement of liabilities in the normal course of business. The ability of the company to continue as a going concern including paying debts when due, settling liabilities and realising assets in the normal course of business at amounts stated in the financial statements, is dependent upon its ability to continue to trade profitably, generate future cash surpluses from operation, and maintain borrowings at least at the current level. The Directors believe that there are reasonable grounds to believe that these conditions will be maintained and the company will be able to pay its debts as and when they become due and payable and continue as a Going Concern.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or classification of liabilities that might be necessary should the company not be able to continue as a going concern.

**(c) Depreciation of Property, Plant & Equipment**

Property is brought to account at cost less, where applicable, any accumulated depreciation or amortisation. Plant and equipment are brought to account at cost, less any accumulated depreciation or amortisation.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed against depreciable replacement cost.

**CARLINGFORD BOWLING, SPORTS & RECREATION CLUB LIMITED**  
**ABN 67 000 110 976**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Property, Plant and Equipment (continued)**

The depreciable amount of all fixed assets including leasehold buildings and capitalised lease assets is depreciated over their useful lives to the economic entity, commencing from the time the asset is held ready for use. Leasehold improvements are amortised over shorter of either the unexpired period of the lease or the estimated useful lives of the improvements and the expected lease occupancy.

The rates applied to the classes of assets are:

<b>Class</b>	<b>Method</b>	<b>Rate</b>
Leasehold Buildings	Straight Line	2.5%-20%
Plant & Equipment	Straight Line	5%-33%
Computer Equipment	Straight Line	10%-33%
Office Equipment	Straight Line	20%-25%
Furniture & Fittings	Straight Line	10%-33%
Plant & Equipment Poker Machines	Straight Line	15%
Poker Machines	Straight Line	15%

**(d) Impairment of Assets**

At each reporting date the company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount.

The recoverable amount is assessed against depreciable replacement cost for property, plant and equipment.

**(e) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in first out principle of allocation.

**(f) Employee Entitlements**

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to balance date. 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 plus related on-costs.

Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. In the case of Long Service Leave this results in an amount not materially different to that achieved by discounting future cash flows.

Contributions are made by the Club to employee superannuation funds and are charged as expenses when incurred.

**(g) Revenue**

Sales revenue and revenue from gaming activities is recognised as income on a receipts basis.

**(h) Subscriptions from Members**

Subscriptions are accounted for as income in the period to which they relate. Subscriptions received in advance for future periods are brought to account as a current liability. Subscriptions outstanding are not brought to account where recoverability is not assured.

**CARLINGFORD BOWLING, SPORTS & RECREATION CLUB LIMITED**  
**ABN 67 000 110 976**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Income Tax**

No income tax has been provided for in the accounts as the directors believe the club to be exempt from income tax under Section 50.45 of the Income Tax Assessment Act and that this exemption will continue in the future.

**(j) Goods and Services Tax**

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(k) Interest-Bearing Liabilities**

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the loans and borrowings using the effective interest method. All borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**(l) Borrowing Costs**

Borrowing costs incurred for the construction of a qualifying asset are recognised during the period of time that it is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed when incurred.

**(m) Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.



**CARLINGFORD BOWLING, SPORTS & RECREATION CLUB LIMITED**  
**ABN 67 000 110 976**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(n) Accounting Estimates and Judgements**

i) Critical Judgements

Management has made the following judgements when apply the Club's accounting policies:

Impairment of the buildings in excess of normal amortisation over the useful life is not considered necessary as the club has met the tenure requirements for improvements as set out in Note 12.

In accordance with the AIFRS guidance for impairment of assets, the expected continuation of the lease on the land does not trigger an impairment event to warrant the accelerated amortisation of the building. Should the terms of the lease be breached or other events suggest the tenure may not be renewed then the building will be required to be amortised over the remaining terms of the lease.

ii) Intangible Assets

At 30 June 2018 the club had 108 gaming (poker) machine entitlements (refer Note 7).

The poker machine entitlement market is not an active market in accordance with the accounting standard. Hence, the entitlements are recorded at historical or deemed cost.

The licenses are assessed as having an indefinite life and are not amortised. The assessment of any impairment is based on the cash flow generated from their value in use.

**(o) New Accounting Standards for Application in Future Periods**

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2015. Information on these new standards is presented below.

*AASB 9: Financial Instruments* (effective application for the Company is 1 July 2018)

*AASB 9 Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It also sets out new rules for hedge accounting and impairment of financial assets. The Company intends to apply the standard from 1 July 2018. It is not expected that the application of this standard will have a material impact on any of the amounts recognised in the Financial Statements.

*AASB 15: Revenue from Contracts with Customers* (effective application for the Company is 1 July 2018)

*AASB 15 Revenue from Contracts with Customers* clarifies the principles for recognition revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The Company intends to apply the standard from 1 July 2018. It is not expected that the application of this standard will have a material impact on any of the amounts recognised in the Financial Statements.

*AASB 16: Leases* (effective application for the Company is 1 July 2019)

*AASB 16 Leases* introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless underlying asset is of low value. The Company intends to apply the standard from 1 July 2019. The Company is continuing to assess the impact of this standard, however, it is not expected that the application of this standard will have a material impact on any of the amounts recognised in the Financial Statements.

**CARLINGFORD BOWLING, SPORTS & RECREATION CLUB LIMITED**  
**ABN 67 000 110 976**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>2. OPERATING PROFIT</b>		
<b>Revenue from Ordinary Activities</b>		
Net Poker Machine Revenue	2,261,029	2,148,503
Promotions	80,530	104,054
Food and Beverage	1,313,449	1,266,499
Keno	77,881	66,879
TAB	13,895	5,218
Men's Bowling	129,470	111,882
Women's Bowling	30,475	20,273
Functions	79,418	114,498
<b>Total Trading Revenue</b>	<b><u>3,986,147</u></b>	<b><u>3,837,806</u></b>
Interest Received	31	2,308
Rent Received	257,671	49,691
Net gain on sale of non-current assets	104,784	62,520
Other Revenue	124,856	123,099
<b>Total Other Revenue</b>	<b><u>487,342</u></b>	<b><u>237,618</u></b>
<b>Total Revenue</b>	<b><u>4,473,489</u></b>	<b><u>4,075,424</u></b>
 <b>Expenses from Ordinary Activities</b>		
Employee Cost & Entitlements	960,381	884,705
Depreciation and Amortisation Expenses	364,101	372,000
Poker Machine Taxes	305,329	277,349
Cost of Goods Sold - Food and Beverage	590,058	525,230
Cost of Goods Sold - Functions	73,457	91,745
Other Operational Expenses	2,069,402	1,843,698
<b>Total Expenses excluding borrowing costs</b>	<b><u>4,362,728</u></b>	<b><u>3,994,727</u></b>
Borrowing Costs	26,015	18,096
<b>Total Expenses</b>	<b><u>4,388,743</u></b>	<b><u>4,012,823</u></b>
 <b>Net operating profit from ordinary activities</b>	<b><u>84,746</u></b>	<b><u>62,601</u></b>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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	2018	2017
	\$	\$
<b>3. CASH</b>		
Cash at Bank	120,359	158,831
Cash on Hand	111,255	100,302
	<u>231,614</u>	<u>259,133</u>
<b>4. RECEIVABLES</b>		
Sundry Debtors	32,447	27,582
Prepayments	21,119	28,433
	<u>53,566</u>	<u>56,015</u>
<b>5. INVENTORIES</b>		
Goods for sale	47,352	31,427
	<u>47,352</u>	<u>31,427</u>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Buildings, Greens & Grounds Leasehold Improvements at valuation	10,771,473	6,906,027
Less: Accumulated Amortisation	<u>(3,516,290)</u>	<u>(3,127,117)</u>
	7,255,183	3,778,910
Poker Machines Amortised	481,126	67,966
Less: Accumulated Amortisation	<u>(433,443)</u>	<u>(67,594)</u>
	47,683	372
Computer Equipment at cost	71,328	139,722
Less: Accumulated Depreciation	<u>(68,785)</u>	<u>(128,237)</u>
	2,543	11,485
Furniture & Fittings at cost	187,048	340,790
Less: Accumulated Depreciation	<u>(91,625)</u>	<u>(234,584)</u>
	95,423	106,206
Office Equipment at cost	11,308	57,734
Less: Accumulated Depreciation	<u>(9,018)</u>	<u>(53,166)</u>
	2,290	4,568
Plant & Equipment at cost	1,067,094	1,498,513
Less: Accumulated Depreciation	<u>(646,435)</u>	<u>(1,408,985)</u>
	420,659	89,528
Poker Machines & Associated Plant at cost	1,233,483	2,844,212
Less: Accumulated Depreciation	<u>(496,951)</u>	<u>(2,185,492)</u>
	736,532	658,720
<b>Total Property, Plant &amp; Equipment</b>	<u>8,560,313</u>	<u>4,649,789</u>

Buildings, Greens & Grounds Leasehold Improvements

Denistone Sports Club Ltd amalgamated with this entity on 1 July 2016. National Australia Bank Ltd on 6 May 2017 valued the Denistone property at \$2.1m - valuer LandMark White (Sydney) Pty Ltd. The property is reflected in the Club's assets at this value.

Brush Park Bowling Club amalgamated with this entity on 1 May 2018. The Directors of this entity have determined the valuation of the Brush Park property to be \$3,500,000. The valuation was assessed using the same assumptions as the Denistone property valuation as they are similar in zoning, etc.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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	2018	2017
	\$	\$
<b>7. INTANGIBLE ASSETS</b>		
Poker Machine Entitlements at cost	1,301,829	1,141,829
Legal Fees on Acquisition	84,226	40,883
Software Capitalised	9,354	9,354
	<u>1,395,409</u>	<u>1,192,066</u>

At 30 June 2018, the Club had 81 gaming (poker) machine entitlements ('entitlements') at Carlingford. In addition the Club holds 15 entitlements at Denistone Sports Club and 12 at Brush Park Bowling Club.

It is generally considered that a market value for gaming machine entitlements can be estimated by observing recent market transfers. However, fair value as measured by reference to an active market as defined in accordance with the Australian Accounting Standards is not generally accepted in the industry.

The Club's entitlements are therefore held at cost (including deemed cost).

**8. PAYABLES**

Accounts payable	442,764	304,069
Accrued expenses	125,957	63,168
Unearned income	25,225	17,173
GST payable	3,505	73,444
Poker machine tax payable	103,576	69,358
	<u>701,027</u>	<u>527,212</u>

**9. INTEREST BEARING LIABILITIES**

**Current**

Bank Loan - secured	100,800	300,000
Hire Purchase liabilities - secured	212,834	123,224
	<u>313,634</u>	<u>423,224</u>

**Non-Current**

Bank Loan - secured	437,944	-
Hire purchase liabilities - secured	164,914	157,133
	<u>602,858</u>	<u>157,133</u>

**Total Interest Bearing Liabilities**

	<u>916,492</u>	<u>580,357</u>
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The bank loan is secured against the Club's assets.

On 28 August 2017 the Club refinanced the loan facility with the NAB. The loan is now a NAB Business Markets Loan payable with monthly instalments with an expiry date 30 August 2020. The facility limit is \$652,600 broken up as to \$602,600 payable monthly instalments and \$50,000 overdraft. Hire purchase contracts secured over the assets financed.

**10. PROVISIONS**

Annual Leave	80,204	55,212
Long Service Leave	33,268	31,161
	<u>113,472</u>	<u>86,373</u>

**CARLINGFORD BOWLING, SPORTS & RECREATION CLUB LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>11. MEMBERS' GUARANTEE</b>		
<p>The Club is Limited by Guarantee. If the Club is wound up, the Memorandum states each member is required to contribute a maximum amount of \$10.00 each towards meeting the outstanding obligations of the Club.</p>		
<b>12. LAND LEASE</b>		
<p>The Club is in the process of entering a formal agreement with the Parramatta City Council to extend the lease term for at least five years.</p>		
<b>13. EXPENDITURE COMMITMENTS</b>		
<b>Hire purchase commitments</b>		
Not later than one year	220,834	125,748
Later than one year but not later than two years	137,596	153,492
Later than two years but not later than five years	32,469	9,184
	<u>390,899</u>	<u>288,424</u>
Less Future Finance Charges	(13,151)	(8,067)
	<u><b>377,748</b></u>	<u><b>280,357</b></u>
Current Liability	9 212,834	123,224
Non-Current Liability	9 164,914	157,133
	<u><b>377,748</b></u>	<u><b>280,357</b></u>

**14. CONTINGENT LIABILITY**

There are no known contingent liabilities.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
<b>15. CASH FLOWS</b>		
<b>(a) Reconciliation of net cash provided by operating activities to operating loss after tax:</b>		
Operating (loss)/profit after income tax	84,746	62,601
Non-operating activity items:		
Depreciation	364,101	372,000
Net gain on sale of non-current assets	(104,784)	(62,520)
Changes in assets and liabilities		
(Increase)/decrease in receivables	2,449	25,165
(Increase)/decrease in inventories	(15,925)	(99)
Increase/(decrease) in payables	(41,558)	96,714
Increase/(decrease) in provisions	27,099	(1,639)
	<u>316,128</u>	<u>492,222</u>
<b>Net cash provided by operating activities</b>	<u>316,128</u>	<u>492,222</u>

**b) Reconciliation of cash**

For the purposes of the statement of cash flows, cash included:

- (i) cash on hand and in at call deposits with banks or financial institutions, net of outstanding bank overdrafts.
- (ii) investments in money market instruments with less than 6 months to maturity.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the Balance Sheet as follows:

Cash	111,255	100,302
Cash at Bank	120,359	158,831
	<u>231,614</u>	<u>259,133</u>
	<u>231,614</u>	<u>259,133</u>

**16. COMPANY DETAILS**

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

Carlingford Bowling, Sports & Recreation Club  
Cnr. Pennant Hills and Evans Roads  
Carlingford NSW 2118

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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**17. CLUB PROPERTY REPORT**

Pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 30 June 2018:

- (a) The following properties are core property of the Club:
- (i) licensed premises at Carlingford Bowling, Sports & Recreation Club  
Cnr. Pennant Hills and Evans Roads  
Carlingford NSW 2118
  - (ii) licenced premises at Denistone Sports Club  
59 Chatham Road  
West Ryde NSW 2114
  - (iii) licenced premises at Brush Park Bowling Club  
77 Rutledge Street  
Eastwood NSW 2122

- (b) The following properties are non-core property of the Club:

there are no non-core properties of the Club.

**Notes to Members**

1. Section 41J(2) of the Registered Clubs Act required the annual report to specify the core property and non-core property of the Club as at the end of the financial year to which the report relates to.
2. Core property is 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 a resolution passed by a majority of the members present at a general meeting of ordinary members of the Club to be core property of the Club.
3. Non-core property is any other property (other than that referred to above as core property) and any property which is declared by the members at a general meeting of ordinary members of the Club not to be core property.
4. The significance of the distinction between core property and non-core property is that the Club cannot dispose of any core property unless:
  - (a) the property has been valued by a registered valuer with the meaning of the Valuers Act 2003; and
  - (b) the disposal has been approved at a general meeting of the ordinary members of the Club at which a majority of the votes cast supported the approval; and
  - (c) any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer.