

Tuross Head Country Club

ANNUAL FINANCIAL REPORT
For the year ended
30 June 2018

CONTENTS	Page
Directors' Report	2
Auditor's Independence Declaration	5
Statement of Profit & Loss and Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	19
Independent Audit Report	20

Tuross Head Country Club Limited
ABN: 30 000 213 696

Directors Report
For the Year Ended 30 June 2018.

Your Directors present their report on the company for the financial year ended 30 June 2017.

Principal Activities of the Company

The principal activities of the Tuross Head Country Club Ltd during the year were a Licensed Club operation. These principal activities assist in achieving the short term and long term objectives by:

- Providing quality sporting and recreational facilities, amenities and services for Club members.
- Promoting the Club internally and externally.
- Providing responsible gambling services.
- Providing services for the responsible consumption of alcohol.
- Providing catering services.
- Adhering to legislative and regulatory requirements.

Directors Information

Directors

The names of the directors in office at any time during, or since the end of, the year and the period that each director has been in office:

ANDERSON, Henry	Retired	Board Member 15 years	Education Officer, Constitution & Election Committees,
Mike Birks	Retired	Board Member for 2 years	President and EX official all committees
Jim Madden	Retired	Board Member for 6 years	Vice President and Executive Committee
Mike Yannopoulos	Accountant	Board Member for 2 years	Treasurer and Executive Committees
Peter Macdonald	Retired	Board Member for 1 year (appointed October 2017)	GAC and Process Review Officer
John Suthern	Maintenance Officer	Board Member for 1 year (appointed October 2017)	BAC and Club Maintenance Officer
Mike Kermode	Retired	Board Member for 1 year (appointed October 2017)	Board Sectary and Fishing Club Officer
Cathy Milliken	Celebrant	Board Member for 5 years	Resigned October 2017
Derek Hoare	Retired	Board Member for 5 years	Resigned October 2017
Patrick Sager	Retired	Board Member for 2 years	Resigned October 2017
Alan Skelton	Retired	Board Member for 2 years	Resigned October 2017

Tuross Head Country Club Limited
ABN: 30 000 213 696

Meetings of Directors

During the financial year the attendances by each Director at Board Meetings were as follows:

Directors	Meeting eligible to attend	Meeting attended	Apologies
Mike Birks	11	11	-
Jim Madden	11	9	2
Mike Yannopoulos	11	10	1
Henry Anderson	11	10	1
Peter Macdonald	8	8	-
John Suthern	8	7	1
Mike Kermodie	8	7	1
Stephen Hodge	11	11	-
Cathy Milliken	4	4	-
Derek Hoare	4	4	-
Patrick Sager	4	3	1
Alan Skelton	4	3	1

Short Term Objectives of the Company

The company has identified the following short term objectives:

- To provide quality sporting and recreational facilities, amenities and services for Club members.
- To promote the Club internally and externally.
- To provide responsible gambling services.
- To provide services for the responsible consumption of alcohol.
- To provide catering services.
- To adhere to legislative and regulatory requirements.
- To meet financial viability and accountability requirements.
- To provide a workplace that is compliant with industry standards and requirements.

The company has adopted the following strategies for the achievement of these short term objectives:

- To regularly and systematically review the facilities, amenities and services provided to members.
- To regularly assess and monitor the effectiveness of operations to maximise return.
- To regularly assess and monitor activities and promotions to maximise return.
- To regularly assess company performance against past performance, budgets and industry benchmarks.
- To review the company's compliance with legislative and regulatory requirements.

Long Term Objectives of the Company.

The company has identified the following long term objectives:

- To maintain and improve the facilities, amenities and services provided to members.
- To become financially secure.
- To grow operations in accordance with members interests and industry standards.

The company has adopted the following strategies for achievement of these long term objectives:

- The preparation strategies to identify opportunities and strengths to facilitate the clubs maximising opportunities when they arise.
- To remain aware of industry standards and factors effecting the industry.
- To be able to adapt operations and the provision of facilities, amenities and services in accordance with changes within the industry.

Tuross Head Country Club Limited
ABN: 30 000 213 696

Performance Measurement

The company uses the following key performance indicators to measure performance:

- Previous years comparatives.
- Budget comparatives.
- Industry standards and comparatives.
- Compliance with legislative and regulatory requirements, and reviews by external regulatory bodies.

Membership Details.

As the company is limited by guarantee, every member undertakes to contribute an amount limited to \$6.30 per member, in the event of the winding up of the company during the time they are a member or within one year thereafter. Membership details as at 30 June 2018 are as follows:

Membership Class	Number of Members	Individual Members Contribution on Winding Up of the Company	Total Members Contribution on Winding Up of the Company
Social	1852	\$6.30	\$ 11667.60
Junior	14	\$6.30	\$ 88.20
Life	4	\$6.30	\$25.20
Totals	1858	\$6.30	\$11781

Auditors Independence Declaration

A copy of the Auditors Independence Declaration for the year ended 30 June 2017, as required under Section 307C of the Corporations Act 2001 is set out on page 5 of the Financial Report.

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

Mike Birks (Director)

Dated this 28th day of August, 2018.

Tuross Head Country Club Limited
ABN: 30 000 213 696

Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001
To the Directors of Tuross Head Country Club limited

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.

Gleeson & Partners

Joseph O'Sullivan

Date: 27 August, 2018

19/49 Vulcan Street
MORUYA NSW 2537

Tuross Head Country Club Limited
ABN: 30 000 213 696

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2018

	Note	2018	2017
		\$	\$
Revenue	2	2,920,209	2,659,321
Other income	2	227	184
Changes in inventories		24,245	(1,819)
Raw materials and consumables used		(567,685)	(560,311)
Employee benefits expense		(1,111,306)	(1,058,072)
Maintenance expense		(177,094)	(143,920)
Promotional expenses		(221,751)	(206,694)
Audit, legal and consultancy expenses		(20,800)	(9,600)
Administration expenses		(446,472)	(343,566)
Depreciation and amortisation expenses		(242,802)	(225,055)
Finance costs		(48,492)	(49,244)
Other expenses		(171,985)	(170,719)
Profit/(Loss) before income tax		(63,706)	(109,495)
Income tax expense			-
Profit/(Loss) for the year		(63,706)	(109,495)
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss:			
Gain on sale of intangible asset, net of tax		112,835	-
Total other comprehensive income for the year		112,835	-
Total comprehensive Income for the year		49,129	(109,495)
Total comprehensive Income attributable to members of the company		49,129	(109,495)

The accompanying notes form part of these financial statements.

Tuross Head Country Club Limited
ABN: 30 000 213 696

Statement of Financial Position
as at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	134,355	54,834
Trade and other receivables	5	13,956	9,529
Inventories	6	89,711	65,466
Other assets	7	13,060	20,921
Total Current Assets		251,082	150,750
Non-current Assets			
Property, plant and equipment	8	1,450,516	1,480,845
Intangible assets	9	-	34,865
Total Non-current Assets		1,450,516	1,515,710
Total Assets		1,701,598	1,666,460
LIABILITIES			
Current Liabilities			
Trade and other payables	10	384,920	304,986
Borrowings	11	270,783	293,239
Provisions	12	115,968	109,009
Total Current Liabilities		771,671	727,234
Non-current Liabilities			
Borrowings	11	391,527	470,995
Provisions	12	9,467	8,427
Total Non-current Liabilities		400,994	479,422
Total Liabilities		1,172,665	1,186,656
Net Assets		528,933	479,804
EQUITY			
Retained earnings		416,098	479,804
Reserves		112,835	-
Total Equity		528,933	479,804

The accompanying notes form part of these financial statements.

Tuross Head Country Club Limited
ABN: 30 000 213 696

Statement of Changes in Equity
for the year ended 30 June 2018

	Retained Earnings	Capital Profits Reserve	Total
	\$	\$	\$
Balance at 1 July 2016	589,299	-	589,299
Comprehensive Income			
Loss for the year	(109,495)	-	(109,495)
Total comprehensive income attributable to members of the company for the year	(109,495)	-	(109,495)
Balance at 30 June 2017	479,804	-	479,804
Balance at 1 July 2017	479,804	-	479,804
Comprehensive Income			
Loss for the year	(63,706)	-	(63,706)
Other comprehensive income for the year:			
- gain on sale of intangible assets	-	112,835	112,835
Total other comprehensive income	-	112,835	112,835
Total comprehensive income attributable to members of the company	(63,706)	112,835	49,129
Balance at 30 June 2018	416,098	112,835	528,933

The accompanying notes form part of these financial statements.

Tuross Head Country Club Limited
ABN: 30 000 213 696

Statement of Cash Flows
for the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		2,890,803	2,622,739
Payments to suppliers and employees		(2,585,730)	(2,365,702)
Interest received		153	120
Finance costs		(48,492)	(49,244)
Net cash provided by operating activities		256,734	207,913
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		227	1,064
Proceeds from disposal of intangible assets		155,200	-
Purchase of property, plant and equipment		(230,716)	(289,954)
Net cash used in investing activities		(75,289)	(288,890)
Cash flows from financing activities			
Proceeds from borrowings		-	14,000
Repayment of borrowings		(107,831)	(109,066)
Increase in finance lease commitments		131,491	181,897
Repayment of finance lease commitments		(81,703)	(43,502)
Net cash used in financing activities		(58,043)	(43,329)
Net (decrease)/ increase in cash held		123,402	(37,648)
Cash at beginning of financial year		(35,730)	1,918
Cash at end of financial year	4	87,672	(35,730)

The accompanying notes form part of these financial statements.

Tuross Head Country Club Limited

ABN: 30 000 213 696

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

Tuross Head Country Club Limited 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 the 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 accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 28 August 2018 by the directors of the company.

Accounting Policies

- a. **Income Tax**
The company is considered exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.
- b. **Inventories**
Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.
- c. **Property, Plant and Equipment**
Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at cost, less subsequent depreciation for buildings.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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 on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2 - 10%
Plant and equipment	10 - 40%
Leased Plant and Equipment	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Tuross Head Country Club Limited

ABN: 30 000 213 696

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

d. **Intangibles**

Poker Machine Licences

Poker machine licences are initially recognised at cost. They have an infinite life and are carried at cost less any accumulated impairment losses. The licences are assessed annually for impairment.

e. **Leases**

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

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

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

f. **Financial Instruments**

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at cost. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

(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 measured at cost.

(ii) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are measured at cost.

g. **Impairment of Assets**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. **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 a 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 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

i. **Provisions**

Provisions are recognised when the company 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 the reporting period.

j. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

k. **Revenue**

Revenue from sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised as received

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

l. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

m. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

n. **Comparative Figures**

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

o. **Going Concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In the event that the Club is unable to continue as a going concern, the Club may not be able to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial statements.

p. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report 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.

Tuross Head Country Club Limited

ABN: 30 000 213 696

Key estimates – Impairment

The company assesses impairment at each reporting date by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of assets at reporting date.

Key judgements – Provision for Impairment of Receivables

The directors believe that the full amount of receivables is recoverable and no provision of impairment of receivables has been made.

New and amended Accounting Standards

The company has assessed all new and amended accounting standards issued and effective for financial reporting periods beginning on or after 1 January 2017, and determine there to be no effect on the current or prior period financial statements.

Note 2: Revenue and Other Income

	2018	2017
	\$	\$
Revenue		
- Sale of goods	2,550,036	2,300,388
- Green fees	41,812	40,263
- Greens levy	63,035	66,216
- Subscriptions	115,723	108,028
- Raffles	48,093	46,192
- Cart & club hire	28,450	24,118
- Rent received	9,768	11,681
- Other income	63,139	62,315
	<u>2,920,056</u>	<u>2,659,201</u>
Other Revenue		
- interest received on financial assets not at fair value through profit & loss	153	120
	<u>153</u>	<u>120</u>
Total Revenue	<u>2,920,209</u>	<u>2,659,321</u>
Other Income		
- gains on disposal of property, plant & equipment	227	184
Total Other Income	<u>227</u>	<u>184</u>
Total Revenue & Other Income	<u>2,920,436</u>	<u>2,659,505</u>

Note 3: Profit for the year

Expenses

	2018	2017
	\$	\$
Cost of sales	543,440	562,130
Interest expense on financial liabilities not at fair value through profit or loss.	48,492	49,244
Rental expense on operating leases	92,996	94,555

Note 4: Cash and Cash Equivalents

	2018	2017
	\$	\$
CURRENT		
Cash at bank	91,035	7,452
Cash on hand	43,320	47,382
	<u>134,355</u>	<u>54,834</u>

Tuross Head Country Club Limited

ABN: 30 000 213 696

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents		134,355	54,834	
Bank overdrafts	11	(46,683)	(90,564)	
		<u>87,672</u>	<u>(35,730)</u>	A floating

charge over cash and cash equivalents has been provided for certain debt. Refer to [Note 11](#) for further detail.

Note 5: Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	13,956	7,179
Provision for impairment	-	-
	<u>13,956</u>	<u>7,179</u>
Other receivables	-	2,350
Total current trade and other receivables	<u>13,956</u>	<u>9,529</u>

A floating charge over trade receivables has been provided for certain debt. Refer to [Note 11](#) for further detail.

Note 6: Inventories

	2018	2017
	\$	\$
CURRENT		
At cost		
- Trading stock	89,711	65,466
	<u>89,711</u>	<u>65,466</u>

Note 7: Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	13,060	20,921
	<u>13,060</u>	<u>20,921</u>

Note 8: Property, Plant and Equipment

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Freehold land at:		
- Land – at cost	15,000	15,000
- Greens & surrounds – at cost	300,843	300,843
- Less provision for Depreciation	(192,974)	(187,807)
Total land	<u>122,869</u>	<u>128,036</u>
Buildings at:		
- cost	2,584,471	2,584,471
Less accumulated depreciation	(1,757,808)	(1,675,038)
Total buildings	<u>826,663</u>	<u>909,433</u>
Total land and buildings	<u>949,532</u>	<u>1,037,469</u>
PLANT AND EQUIPMENT		
Plant and equipment:		
- at cost	2,940,204	2,747,531
Accumulated depreciation	(2,439,220)	(2,304,155)
Accumulated impairment losses	-	-
	<u>500,984</u>	<u>443,376</u>
Total plant and equipment	<u>500,984</u>	<u>443,376</u>
Total property, plant and equipment	<u>1,450,516</u>	<u>1,480,845</u>

Tuross Head Country Club Limited

ABN: 30 000 213 696

An independent valuation of the land and buildings was performed on the 21st November 2013, with a resulting value of \$1,350,000. The directors have reviewed the key assumptions adopted by the valuer in 2013 and do not believe there has been a significant change in the assumptions at 30th June 2018. Accordingly the directors believe the carrying amount of land and buildings do not exceed the fair value less costs to sell at 30th June 2018.

a. Movements in Carrying Amounts

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

2018	Freehold Land \$	Surrounds & Buildings \$	Plant & Equipment \$	Total \$
Balance at beginning of year	15,000	1,022,469	443,376	1,480,845
Additions	-	-	219,973	219,973
Disposals	-	-	(7,500)	(7,500)
Depreciation expense	-	(87,937)	(154,865)	(242,802)
Carrying amount at end of year	15,000	934,532	500,984	1,450,516

The sale of poker machine entitlements necessitated retiring a poker machine with a carrying value of \$7,500. This cost was recorded against gain on sale of intangible assets in the statement of profit or loss and other comprehensive income.

b. Impairment Losses

The total impairment loss of property, plant and equipment recognised in the statement of comprehensive income during the year amounted to nil.

Note 9: Intangible Assets

	2018 \$	2017 \$
Poker Machine entitlements – at cost	-	34,865
Accumulated amortisation	-	-
Net carrying value	-	34,865

2018

Poker Machine Entitlements

Balance at the beginning of the year	34,865
Disposals	(34,865)
	-

Note 10: Trade and Other Payables

	2018 \$	2017 \$
CURRENT		
Unsecured liabilities		
- Trade payables	281,852	193,156
- Sundry payables and accrued expenses	70,286	52,071
- Deferred income	32,782	59,759
	384,920	304,986

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

	2018 \$	2017 \$
Trade and other payables		
- Total current	384,920	304,986
Less deferred income	32,782	59,759
Financial liabilities as trade and other payables	352,138	245,227

Tuross Head Country Club Limited

ABN: 30 000 213 696

Note 11: Borrowings

	Note	2018 \$	2017 \$
CURRENT			
Bank loans secured	11c	122,028	144,734
Bank overdraft secured	11c	46,683	90,564
Lease liabilities	13	102,072	57,941
Total current Borrowings		<u>270,783</u>	<u>293,239</u>
NON-CURRENT			
Bank loan secured	11c	279,242	364,367
Lease liabilities	13	112,285	106,628
Total Non-Current Borrowings		<u>391,527</u>	<u>470,995</u>
Total Borrowings		<u>662,310</u>	<u>764,234</u>

a. Total current and non-current secured liabilities:

Bank overdraft	46,683	90,564
Bank loan	401,270	509,101
	<u>447,953</u>	<u>599,665</u>

b. The carrying amounts of non-current assets pledged as security are:

	2018 \$	2017 \$
First mortgage		
- Freehold land and buildings	949,532	1,037,469
Floating charge		
- other assets	477,966	353,802
	<u>1,427,498</u>	<u>1,391,271</u>

c. The bank overdraft, and loan are secured by a registered first mortgage over the freehold properties of the company and a floating charge over other assets of the company.

d. The bank loans consist of two (2) variable rate facilities requiring current monthly repayments of \$8,953 and \$2,999 respectively. The first facility expires in September 2021 and the second facility expires in January 2021.

The interest rate on the loans at 30th June 2018 was 6.07%. Covenants imposed by the bank deal with reporting matters and are not performance linked.

e. Lease liabilities are secured by the underlying leased assets.

Note 12: Provisions

	2018 \$	2017 \$
CURRENT		
Provision for employee benefits: annual leave	61,383	51,504
Provision for employee benefits: long service leave	54,585	57,505
	<u>115,968</u>	<u>109,009</u>
NON-CURRENT		
Provision for employee benefits: long service leave	9,467	8,427
	<u>9,467</u>	<u>8,427</u>
	<u>125,435</u>	<u>117,436</u>

Tuross Head Country Club Limited

ABN: 30 000 213 696

	Employee Benefits	Total
	\$	\$
Analysis of total provisions:		
Opening balance at 1 July 2017	117,436	117,436
Additional provisions raised during the year	69,785	69,785
Amounts used	(61,786)	(61,786)
Balance at 30 June 2018	125,435	125,435

Provision for Employee Benefits

Provision for employee benefits represents accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlement that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service, 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 [Note1\(h\)](#).

Note 13: Capital and Leasing Commitments

a. Finance Lease Commitments

	2018	2017	
	\$	\$	
Payable – minimum lease payments:			Finance
- Not later than 12 months	102,072	67,851	leases
- Later than 12 months but not later than five years	112,285	115,782	on
Minimum lease payments	<u>214,357</u>	<u>183,633</u>	plant

and equipment commencing between 2016 and 2018 are three and five year leases all with an option to purchase at the end of the lease term.

b. Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2018	2017
	\$	\$
Payable – minimum lease payments		
- not later than 12 months	68,657	74,539
- between 12 months and five years	92,744	91,031
	<u>161,401</u>	<u>165,570</u>

The company has a 20 year lease for the golf course and golf clubhouse that terminates in May 2031. The annual rental is currently \$14,306 plus outgoings and is subject to yearly CPI increases. The company has leased gaming machines and other equipment with termination dates between October 2018 and August 2020. The annual rental is \$54,351.

c. Capital Expenditure Commitments

There were no capital expenditure contract commitments at the end of the financial year.

Note 14: Contingent Liabilities and Contingent Assets

There are no contingent assets or liabilities.

Tuross Head Country Club Limited

ABN: 30 000 213 696

Note 15: Events After the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or state of affairs of the company in future financial years.

Note 16: Key Management Personnel Compensation

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) of that entity is considered key management personnel.

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

	2018	2017
	\$	\$
Management compensation	105,162	99,907
Director compensation	-	-

Note 17: Other Related Party Transactions

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with the close family members.

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

During the year there were no transactions between the company and any director related entity.

Note 18: Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans and leases.

The carrying amount for each category of financial instruments measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018	2017
		\$	\$
Financial Assets			
- Cash and cash equivalents	4	134,355	54,834
-Receivables	5	13,956	9,529
		<u>148,311</u>	<u>64,363</u>
Financial Liabilities			
- Financial liabilities at amortised cost:			
- trade and other payables	10	352,138	245,227
- borrowings	11	662,310	764,234
		<u>1,014,448</u>	<u>1,009,461</u>

Note 19: Reserves

Capital Profits Reserve

The capital profits reserve records gains on disposal of intangible assets.

Tuross Head Country Club Limited

ABN: 30 000 213 696

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 18, are in accordance with the *Corporations Act 2001* and
 - a. comply with Australian Accounting Standards – Reduced Disclosure Requirements and
 - b. give a true and fair view of the financial position of the company as at 30 June 2018 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director: Mike Birks

Dated this 28th day of August 2018

Tuross Head Country Club Limited

ABN: 30 000 213 696

Independent Auditor's Report to the members of Tuross Head Country Club Limited

Report on the Audit of the Financial report

Opinion

We have audited the financial report of Tuross Head Country Club Limited, 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Tuross Head Country Club Ltd 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 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 Tuross Head Country Club Limited, 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.

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.

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

Tuross Head Country Club Limited

ABN: 30 000 213 696

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.

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.

Joseph O'Sullivan

Gleeson & Partners

19/49 Vulcan Street
Moruya NSW 2537

Dated this 28th day of August 2018