

Fairy Meadow Bowling & Recreation Club Limited

ABN: 86 001 028 360

Financial Statements

For the Year Ended 30 June 2018

Fairy Meadow Bowling & Recreation Club Limited

ABN: 86 001 028 360

Financial Statements

For the Year Ended 30 June 2018

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Fairy Meadow Bowling & Recreation Club Limited

ABN: 86 001 028 360

Directors' Report

30 June 2018

Your directors present their report on Fairy Meadow Bowling & Recreation Club Limited for the financial year ended 30 June 2018.

Information on directors

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

Name	Position	Qualifications	Appointed/Resigned
G Lester	President	Retired	
P O'Connor	Director	Road Construction Foreman	
F Brindley	Director	Retired Building Inspector	Appointed 24/9/2017
F Apolloni	Director	Retired Accountant	Appointed 24/9/2017
M Ryan	Director	Marine Transport Pilot	Appointed 24/9/2017
J Heffernan	Vice President	Store Coordinator	Resigned 24/9/2017
A Christie	Treasurer	Finance Manager	Resigned 24/9/2017
I Kenny	Chairman/President	Retired	Resigned 24/9/2017
E Raccanello	Director	Retired	Resigned 24/9/2017
P Ellem	Director	Retired	Resigned 18/7/2017

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

Review of operations

The result of the Company was a surplus of \$159,400 (2017: \$351,949).

Principal activities

The principal activities of Fairy Meadow Bowling & Recreation Club Limited during the financial year were to maintain and conduct a licensed Bowling Club for the accommodation of the members of the Company, to promote the game of Bowls and to encourage social activities between the members of the Company.

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

Directors' Report

30 June 2018

Short and long term objectives

The Company will continue to promote the sport of bowls (as stated in 'Principal Activities') and encourage people of all ages to visit the Club premises and enjoy the ambience of our small Club. In the longer term, the Company intends to further promote the Club throughout the local community, and utilise the proceeds of surplus assets for the benefit of members by improving services and amenities.

So as to achieve the above objectives, the Company strategy will include pursuing membership drives using local media, notification of new facilities using local media and development of forecasting models to ensure profitability into the future.

Strategy for achieving the objectives

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

- implement cost cutting measures to areas that are deemed non-value added; and
- member drives to increase the Company's membership base.

Performance measures

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

- the quality of the service and facilities provided to members;
- the ability to generate strong cash flows from its operating activities;
- the trading and overall financial result; and
- the stability of the balance sheet with respect to the Company's liquidity and the total levels of debt.

Members guarantee

The Fairy Meadow Bowling & Recreation Club Limited is a Company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$10 for members, subject to the provisions of the Company's constitution.

At 30 June 2018 the collective liability of members was \$9,460 (2017: \$ 9,610).

Directors' Report

30 June 2018

Meetings of directors

During the financial year, 13 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
G Lester	13	13
P O'Connor	13	12
F Brindley	10	9
F Apolloni	10	9
M Ryan	10	6
J Hefferman	3	3
A Christie	3	3
I Kenny	3	3
E Raccanello	3	3
P Ellem	-	-

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2018 has been received and can be found on page 4 of the financial report.

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



G Lester
Director

Dated 21 August 2018

Wollongong


**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001
to the Directors of Fairy Meadow Bowling & 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.



Daley & Co
Chartered Accountants



Stephen Milgate
Partner

21 August 2018

Wollongong

Liability limited by a scheme approved under Professional Standards Legislation

Fairy Meadow Bowling & Recreation Club Limited

ABN: 86 001 028 360

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue	4	1,049,543	1,242,596
Other income	4	228,989	240,604
Cost of sales		(292,473)	(324,161)
Employee benefits expense		(491,886)	(493,490)
Clubhouse expense		(205,466)	(228,282)
Member expenses		(129,280)	(127,037)
Depreciation expense	10	(97,272)	(111,178)
Gaming expense		(57,741)	(41,579)
Competition fees		(44,259)	(55,518)
Property costs		(33,761)	(28,031)
Finance costs		(832)	(4,782)
Other operating expenses		(130,849)	(102,744)
Gain on disposal of assets		185,287	170,551
Gain on revaluation of investment property	11	179,400	215,000
Result for the year		159,400	351,949
Other comprehensive income for the year		-	-
Total comprehensive income for the year		159,400	351,949

The accompanying notes form part of these financial statements.

Fairy Meadow Bowling & Recreation Club Limited

ABN: 86 001 028 360

Balance Sheet

As at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	162,219	398,610
Trade and other receivables	7	642,144	17,371
Inventories	8	29,777	31,015
Other assets	9	37,566	35,116
TOTAL CURRENT ASSETS		871,706	482,112
NON-CURRENT ASSETS			
Property, plant and equipment	10	686,406	644,359
Investment property	11	630,000	900,000
TOTAL NON-CURRENT ASSETS		1,316,406	1,544,359
TOTAL ASSETS		2,188,112	2,026,471
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	144,618	88,234
Borrowings	13	47,278	63,295
Employee benefits	14	66,791	124,828
TOTAL CURRENT LIABILITIES		258,687	276,357
NON-CURRENT LIABILITIES			
Borrowings	13	19,159	3,146
Employee benefits	14	7,894	3,996
TOTAL NON-CURRENT LIABILITIES		27,053	7,142
TOTAL LIABILITIES		285,740	283,499
NET ASSETS		1,902,372	1,742,972
EQUITY			
Retained earnings		1,902,372	1,742,972
TOTAL EQUITY		1,902,372	1,742,972

The accompanying notes form part of these financial statements.

Fairy Meadow Bowling & Recreation Club Limited

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Statement of Changes in Equity

For the Year Ended 30 June 2018

	Retained Earnings \$
Balance at 1 July 2017	1,742,972
Result for the year	<u>159,400</u>
Balance at 30 June 2018	<u>1,902,372</u>
Balance at 1 July 2016	1,391,023
Result for the year	<u>351,949</u>
Balance at 30 June 2017	<u>1,742,972</u>

The accompanying notes form part of these financial statements.

Fairy Meadow Bowling & Recreation Club Limited

ABN: 86 001 028 360

Statement of Cash Flows

For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,437,209	1,618,285
Payments to suppliers and employees	(1,552,119)	(1,557,700)
Interest received	2,919	2,269
Interest paid	(832)	(4,782)
Net cash provided by/(used by) operating activities	<u>(112,823)</u>	<u>58,072</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(139,564)	(46,932)
Proceeds from sale of property, plant and equipment	16,000	225,349
Net cash provided by/(used by) investing activities	<u>(123,564)</u>	<u>178,417</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from/(repayment of) borrowings	(4)	(60,336)
Net cash provided by/(used by) financing activities	<u>(4)</u>	<u>(60,336)</u>
Net increase/(decrease) in cash and cash equivalents held	(236,391)	176,153
Cash and cash equivalents at beginning of year	<u>398,610</u>	<u>222,457</u>
Cash and cash equivalents at end of financial year	6 <u>162,219</u>	<u>398,610</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2018

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

The functional and presentation currency of Fairy Meadow Bowling & Recreation Club Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

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

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

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

Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Subscriptions

Revenue from the provision of membership subscriptions is recognised in the year of receipt.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Donations

Donations and bequests are recognised as revenue when received.

(b) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(c) Income tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Leases

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

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(e) Leases (continued)

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

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Under the cost model, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line or reducing balance basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(g) Property, plant and equipment (continued)

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and equipment	20 - 50%
Poker machines	20 - 33%
Leasehold improvements	2.5 - 20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Investment property

Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the statement of profit or loss and other comprehensive income as other income/expenses.

(i) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(i) Financial instruments (continued)

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition

Assets included within this category are carried in the balance sheet at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(i) Financial instruments (continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

(j) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(k) Employee benefits

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(l) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows in the statement of cash flows are included 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 is classified as operating cash flows.

Notes to the Financial Statements

For the Year Ended 30 June 2018

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Fairy Meadow Bowling & Recreation Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

4 Revenue and Other Income

	2018	2017
	\$	\$
<i>Revenue from continuing operations</i>		
- Bar sales	675,019	781,826
- Gaming machine revenue	316,077	403,341
- Commission income	58,447	57,429
	<u>1,049,543</u>	<u>1,242,596</u>
<i>Other revenue</i>		
- Interest received	2,919	2,269
- Rental income	47,910	44,970
- Donations and sponsorship	699	7,837
- Catering and club hire	25,538	24,949
- Subscriptions	14,789	10,668
- Competition fees	5,131	5,669
- Raffle income	80,724	81,428
- Rebate income	19,957	15,679
- Sundry income	31,322	47,135
	<u>228,989</u>	<u>240,604</u>

5 Result for the Year

Expenses

Interest expense on financial liabilities	832	4,782
Superannuation contributions	39,172	39,174
Rental expense on operating leases		
Minimum lease payments	29,271	23,405

Fairy Meadow Bowling & Recreation Club Limited

ABN: 86 001 028 360

Notes to the Financial Statements

For the Year Ended 30 June 2018

6 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash on hand	52,295	52,788
Cash at bank	109,924	345,822
	<u>162,219</u>	<u>398,610</u>

7 Trade and Other Receivables

Trade receivables	1,769	11,407
Other receivables	640,375	5,964
	<u>642,144</u>	<u>17,371</u>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Inventories

Inventories	<u>29,777</u>	<u>31,015</u>
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9 Other non-financial assets

Prepayments	<u>37,566</u>	<u>35,116</u>
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Notes to the Financial Statements

For the Year Ended 30 June 2018

10 Property, Plant and Equipment

	2018	2017
	\$	\$
Leasehold buildings & greens		
At cost	942,093	922,893
Accumulated depreciation	(485,617)	(451,181)
	<u>456,476</u>	<u>471,712</u>
Plant and equipment		
At cost	341,634	339,025
Accumulated depreciation	(292,206)	(275,940)
	<u>49,428</u>	<u>63,085</u>
Poker machines		
At cost	293,603	176,738
Accumulated depreciation	(113,101)	(67,176)
	<u>180,502</u>	<u>109,562</u>
Total property, plant and equipment	<u><u>686,406</u></u>	<u><u>644,359</u></u>

(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:

	Leasehold buildings & greens	Plant and equipment	Poker machines	Total
	\$	\$	\$	\$
Balance at the beginning of year	471,712	63,085	109,562	644,359
Additions	19,200	3,499	116,865	139,564
Disposals - written down value	-	(245)	-	(245)
Depreciation expense	(34,436)	(16,911)	(45,925)	(97,272)
Balance at 30 June 2018	<u><u>456,476</u></u>	<u><u>49,428</u></u>	<u><u>180,502</u></u>	<u><u>686,406</u></u>

Notes to the Financial Statements

For the Year Ended 30 June 2018

10 Property, Plant and Equipment (continued)

(b) Core and non-core property

As required under section 41J of the Registered Clubs Act 1976, the Club is required to specify the core property and non-core properties owned as at the end of the financial year. The Company being Fairy Meadow Bowls & Recreation Club Ltd conducts and maintains a licensed bowling club on leased land at Lot 2 Cambridge Ave, Fairy Meadow NSW. Accordingly the premises on that leased land and the adjoining bowling greens are regarded as core property.

The property at 5 Cambridge Avenue, Fairy Meadow NSW, is not considered to be core property of the Club given that it is not the defined premises of the Club, nor any facility provided by the Club for the use of its members and their guests, nor any other property declared, by a resolution passed by a majority of the members present at a general meeting of the ordinary members of the Club, to be core property of the Club.

11 Investment Property

	2018	2017
	\$	\$
Balance at start of year	900,000	685,000
Disposals	(449,400)	-
Fair value adjustments (note a)	179,400	215,000
Balance at end of year	630,000	900,000

(a) Independent valuation

The Company's investment property is carried at fair value, as determined with reference to the sale of one of the properties amounting to \$630,000 in June 2018. The valuation is considered by the Directors to be a reliable assessment of fair value.

12 Trade and Other Payables

Trade payables	103,658	44,442
Other payables	40,960	43,792
	144,618	88,234

Notes to the Financial Statements

For the Year Ended 30 June 2018

13 Borrowings

	2018	2017
	\$	\$
CURRENT		
Unsecured liabilities:		
Other financial liabilities	-	26,157
Secured liabilities:		
Lease liability secured	47,278	37,138
	<u>47,278</u>	<u>63,295</u>
NON-CURRENT		
Secured liabilities:		
Lease liability secured	19,159	3,146
	<u>19,159</u>	<u>3,146</u>

Leased liabilities are secured by the underlying leased assets.

14 Employee Benefits

CURRENT		
Provision for employee benefits	43,326	62,139
Long service leave	23,465	62,689
	<u>66,791</u>	<u>124,828</u>
NON-CURRENT		
Long service leave	7,894	3,996
	<u>7,894</u>	<u>3,996</u>

Notes to the Financial Statements

For the Year Ended 30 June 2018

15 Leasing Commitments

(a) Finance lease commitments

	2018	2017
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	48,847	38,940
- between 1 year and 5 years	17,297	3,151
Minimum lease payments	<u>66,144</u>	<u>42,091</u>

Finance lease relates to recreational assets, solar panels and green equipment with terms of 1 to 5 years.

(b) Operating lease commitments

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

Payable - minimum lease payments:		
- no later than 1 year	31,688	28,998
- between 1 year and 5 years	60,674	86,994
	<u>92,362</u>	<u>115,992</u>

Leases relate to the premises and office equipment with terms up to 16 years.

16 Financial Risk Management

The main risks Fairy Meadow Bowling & Recreation Club Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

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

Notes to the Financial Statements

For the Year Ended 30 June 2018

16 Financial Risk Management (continued)

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2018	2017
		\$	\$
Financial Assets			
Cash and cash equivalents	6	162,219	398,610
Trade and other receivables	7	642,144	17,371
Total financial assets		804,363	415,981
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	12	144,618	88,234
Borrowings	13	66,437	66,441
Total financial liabilities		211,055	154,675

Net fair values

Fair value estimation

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

17 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the Company was \$109,760 (2017: \$98,452).

18 Contingent Liabilities and Contingent Assets

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

Notes to the Financial Statements

For the Year Ended 30 June 2018

19 Related Party Transactions

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

- (a) During the year, there were two occasions where a family member of a Director was employed by the Club under the relevant industrial award and is subject to the terms and conditions applicable to all employees of the Company.
- (b) In June 2018, an investment property was sold to a director for \$630,000. The terms of the contract were on normal commercial terms and conditions no more favourable than those available to other parties.

20 Events after the end of the Reporting Period

The financial report was authorised for issue on 21 August 2018 by the Board of Directors.

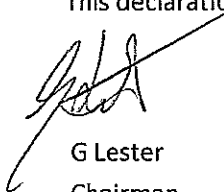
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 24, 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 as at 30 June 2018 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



G Lester
Chairman

Wollongong
21 August 2018

Independent Audit Report to the members of Fairy Meadow Bowling & Recreation Club Limited

Report on the Financial Report

Opinion

We have audited the financial report of Fairy Meadow Bowling & Recreation Club Limited ("the Company"), which comprises the balance sheet 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 ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - 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 as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 is the directors' report for the year ended 30 June 2018, but does not include the financial report and auditor's report thereon accompanying the financial report.

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.

Independent Audit Report to the members of Fairy Meadow Bowling & Recreation Club Limited

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 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

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

Independent Audit Report to the members of Fairy Meadow Bowling & Recreation Club Limited


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

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

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



Daley & Co
Chartered Accountants



Stephen Milgate
Partner

21 August 2018

Wollongong

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