



**ANNUAL REPORT &
FINANCIAL STATEMENTS
YEAR ENDING 30 JUNE 2018**

**FINGAL BAY BOWLS, SPORTS &
RECREATION CLUB LIMITED**

ANNUAL GENERAL MEETING

SUNDAY 21ST OCTOBER 2018

AT 10.00AM

AGENDA

- **MEETING OPENED – WELCOME TO MEMBERS PRESENT**

- **A MARK OF RESPECT FOR DEPARTED MEMBERS**

- **APOLOGIES**

- **CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON SUNDAY 15TH OCTOBER 2017**

- **ANNUAL REPORTS**
 - **Chairman's Report**
 - **Treasurer's Report**
 - **Directors' Report**
 - **General Manager's Report**
 - **Auditor's Report**
 - **Sporting Clubs' Reports**

- **CONSIDER THE ORDINARY RESOLUTIONS**

- **ELECTION OF DIRECTORS**

- **GENERAL BUSINESS**

FINGAL BAY BOWLS, SPORTS & RECREATION CLUB LTD

ABN 72 003 065 085

Directors' report

Your directors present this report on the Fingal Bay Bowls, Sports & Recreation Club Ltd (Club) for the financial year ended 30 June 2018.

This company is incorporated under the Corporations Act 2001, and is a company limited by guarantee. In the event that the company was to be wound up its constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding financial obligations of the company.

The number of Club members at 30 June 2018 was 3,264 with a potential financial obligation of \$32,640 (2017 - 3,211 members, \$32,110)

Principal activities of the Club

The principal activities of the Fingal Bay Bowls, Sports and Recreation Club Ltd during the financial year were to carry-out and promote the Club's short and long term goals and objectives which are set out below:

Short Term objectives are to:

1. provide a friendly, safe and enjoyable community environment with social and sporting facilities for Club members and guests.
2. provide a level of customer service that exceeds industry standards and the expectations of Club members and guests.
3. provide affordable and quality restaurant, bar services and entertainment for Club members and guests.
4. foster and financially support a program to promote continuous improvement and sporting excellence in the district's junior sporting teams.

Long Term objectives are to:

1. ensure the Club's long term viability and sustainability and to continually strive to improve the Club's services and social and sporting facilities for the enjoyment of its members and guests.
2. encourage and promote the Club's services and facilities as a focal point for community, social and sporting activities.
3. hire and retain high quality staff who are attracted to the Club's values and performance standards.
4. provide and maintain gaming facilities (TAB / Keno / Poker Machines) for Club members and guests that meet or exceed the highest industry standards.

The Club's Board of Directors has adopted and implemented the following strategies to support its short and long term objectives:

1. implement staff and operations standards that exceed best industry practice and which require the provision of the highest standards of professional accountability, performance and service to Club members and guests.
2. continually review and update the Club's short and long term goals and objectives so that they address the Club's ongoing commitment to provide the highest quality facilities and services to its members and guests.
3. continually review and update the Club's Business Plan to ensure that it addresses all current and future goals and objectives.

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4. formalise and implement a mechanism for the Club's Board of Directors to regularly report to Club members on the status of its plans and objectives and the Key Performance Indicators in the Club's Business Plan.
5. source, develop and provide ongoing high level training programs for the Club's Board of Directors and staff to ensure they maintain a superior knowledge of their operational and statutory responsibilities.

Information on directors

Name	Position	Time on Board (years)	Experience	
Ian Welch	Chairman	11	Retired	Resigned 25/6/18
Stanley Owen	Director	9	Retired	
Michael Day	Director	9	Retired	
Ronald Ball	Director	6	Retired	
Arthur Heiler	Director	7	Retired	
George Hammond	Director	2	Retired	
Paul Wilson	Director	2	Retired	

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

Attendance of Directors at Board and Special meetings

A = Number of Board Meetings eligible to attend

B = Number of Board Meetings attended

Director	<u>Board Meetings</u>	
	<u>A</u>	<u>B</u>
Ian Welch	16	15
Stanley Owen	16	15
Michael Day	16	15
Ronald Ball	16	16
Arthur Heiler	16	14
George Hamilton	16	16
Paul Wilson	16	14

Going Concern

The Club has a trading loss for the year and also a negative cash flow from operations. Current trading conditions have created uncertainty about future trading results and cash flows.

The directors have taken steps to change the zoning of a portion of the Club's vacant land to allow for possible development for seniors' housing. This rezoning, once complete, will have the effect of increasing the land value to approximately double its current value. This will put the Club in a better position to negotiate with the Club's bankers. The Club already has verbal approval of an increase to the overdraft facility of \$100,000. This will allow the Club a cash buffer for future trading. The rezoning of the land will also allow for either possible development or sale of that area of land. This would also lead to future cash inflows.


The directors are of the view that there is doubt about the company's ability to continue as a going concern. However the directors have reasonable expectation that the Club has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial report.

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Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 5 of the financial report.

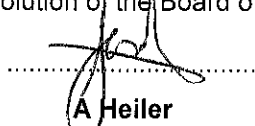
This report is made in accordance with a resolution of the Board of Directors



M Day

Director

26th September 2018



A Heiler

Director

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Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001 to the directors of Fingal Bay Bowls, Sports & Recreation Club Ltd

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



.....
S.B. Tolhurst

MORLEY & COMPANY

Chartered Accountants

1/55 Donald Street
Nelson Bay NSW 2315

Nelson Bay

26th September 2018

FINGAL BAY BOWLS, SPORTS & RECREATION CLUB LTD
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Statement of profit or loss and other comprehensive income

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue		3,258,808	3,577,177
Sub-club loans forgiven		24,466	-
Cost of goods sold		(805,478)	(897,182)
Employee benefits expense		(1,201,558)	(1,215,232)
Depreciation		(220,636)	(250,475)
Finance costs		(28,271)	(29,626)
Other expenses		(1,210,701)	(1,234,279)
Current year surplus (loss) before income tax	3	(183,370)	(49,617)
Income tax expense		-	-
Net current year surplus (loss) attributable to members of the Company		(183,370)	(49,617)

The accompanying notes form part of these financial statements.

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Statement of financial position
As at 30 June 2018

ASSETS	NOTES	2018	2017
		\$	\$
Current assets			
Cash and cash equivalents	4	72,645	273,502
Accounts receivable and other debtors	5	54,220	46,886
Inventories	6	39,976	37,512
Other current assets	7	79,458	63,057
Total current assets		246,299	420,957
Non-current assets			
Property, plant and equipment	8	2,408,428	2,527,665
Total non-current assets		2,408,428	2,527,665
Total assets		2,654,727	2,948,622
LIABILITIES			
Current liabilities			
Accounts payable and other payables	9	286,420	330,418
Employee provisions	11	100,698	95,426
Total current liabilities		387,118	425,844
Non-current liabilities			
Employee provisions	11	8,370	13,257
Borrowings	10	140,200	182,645
Sub-club loans	21	-	24,467
Total non-current liabilities		148,570	220,369
Total liabilities		535,688	646,213
Net assets		2,119,039	2,302,409
Equity			
Revaluation surplus	12	60,755	60,755
Retained surplus	13	2,058,284	2,241,654
Total Equity		2,119,039	2,302,409

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Retained Surplus	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 30 June 2016	2,291,271	60,755	2,352,026
2017 (loss)	(49,617)	-	(49,617)
Balance at 30 June 2017	2,241,654	60,755	2,302,409
2018 (loss)	(183,370)	-	(183,370)
Balance at 30 June 2018	2,058,284	60,755	2,119,039

The accompanying notes form part of these financial statements.

FINGAL BAY BOWLS, SPORTS & RECREATION CLUB LTD
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Statement of cash flows

For the year ended 30 June 2018

	2018	2017
	\$	\$
Cash flow from operating activities		
Receipts from customers	3,241,066	3,562,997
Payments to suppliers and employees	(3,251,706)	(3,304,484)
Interest paid	(28,269)	(29,627)
Interest received	675	3,670
Net cash from operating activities	(38,234)	232,556
Cash flow from investing activities		
Proceeds from sale of property, plant & equipment	7,000	23,184
Payment for property, plant & equipment	(127,178)	(94,777)
Net cash from investing activities	(120,178)	(71,593)
Cash flow from financing activities		
Proceeds of borrowing	-	29,940
Repayment of borrowing	(42,445)	(43,990)
Net cash from financing activities	(42,445)	(14,050)
Net (decrease)/increase in cash held	(200,857)	146,913
Cash at 30 June 2017	273,502	126,589
Cash at 30 June 2018	72,645	273,502

The accompanying notes form part of these financial statements.

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Statement of cash flows (cont'd)

For the year ended 30 June 2018

Notes to the statement of cash flows

Reconciliation of Cash

For the purpose of the statement of cash flows cash includes cash on hand and at banks net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position below:

	2018	2017
	\$	\$
Cash at bank - Club	34,942	198,279
Cash at bank - Sub- clubs	56,426	59,057
Cash at bank – Keno	27,077	66,795
Cash at bank – EFTPOS	8,686	9,582
Cash at bank – TAB	17,370	28,211
Cash at bank – Term Deposit	61,664	43,483
Cash on hand Sub-clubs	1,229	1,229
Bistro float	600	600
Poker machine float	60,000	60,000
Bar float	300	300
Keno float	300	300
TAB float	2,000	2,000
Petty cash imprest account	400	400
Westpac business account	(198,349)	(196,734)
	<hr/> 72,645 <hr/>	<hr/> 273,502 <hr/>

FINGAL BAY BOWLS, SPORTS & RECREATION CLUB LTD
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Reconciliation of net cash from operating activities to operating profit

	2018	2017
	\$	\$
Operating (loss)	(183,370)	(49,617)
Depreciation	220,636	250,475
Increase in provisions	384	18,117
(Increase)/decrease in trade and other receivables & prepayments	(18,834)	24,151
(Increase)/decrease in inventories	(2,464)	1,034
(Decrease) in trade and other payables	(11,900)	(7,042)
(Decrease)/increase in subscriptions in advance	(852)	453
(Decrease)/increase in accrued charges	(10,285)	10,173
Increase/(decrease) in payroll withholding payable	3,785	(221)
(Decrease) in amount owing to Sub-clubs	(812)	(893)
Decrease in Input Tax Credits	1,117	1,039
(Decrease)/increase in GST payable	(4,911)	2,683
(Profit) on disposal of assets	(6,262)	(17,796)
Sub-club loan forgiven	(24,466)	-
	(38,234)	232,556

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Notes to the financial statements

For the year ended 30 June 2018

The financial statements cover Fingal Bay Bowls, Sports & Recreation Club Ltd as an individual entity, incorporated and domiciled in Australia.

1. Summary of significant accounting policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and interpretations of the Australian Accounting Standards Board.

The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below, and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an 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.

Accounting policies

a) Income tax

Being a sporting club in terms of Division 50 of the Income Tax Assessment Act 1997, the Club is considered not liable for income tax, thus no provision has been made.

b) Inventories on hand

Inventories are measured at the lower of cost and current replacement cost.

c) Property, plant & equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less where applicable, accumulated depreciation and impairment losses.

Freehold property

Freehold land and buildings are measured using the cost basis, less where applicable, accumulated depreciation, and any impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation, and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount, and impairment losses are recognised either in profit or loss, or as a revaluation decrease if the impairment losses relate to a revalued asset.

A formal assessment of recoverable amount is made when impairment indicators are present (refer to note 1(i) for details of impairment).

Plant and equipment that have been acquired at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

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Notes to the financial statements (continued)

Depreciation

The depreciable amount of all fixed assets, including buildings, but excluding freehold land, are depreciated on a straight line or reducing balance basis over the assets' useful life to the company, commencing from the time the asset is available for use.

Depreciation rates used for each class are as follows:

Buildings	2.5%
Furniture, plant & equipment	9.0% to 20.0%
Poker machines	24.0%
Motor vehicles	22.5%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the statement of profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

d) Employee provisions

Short-term employee provisions

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 before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, annual leave and sick leave. Short term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements 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. Other long-term employee benefits 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 re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee provisions expense.

The company's obligations for long-term employee benefits are presented as non-current employee provisions 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 employee provisions.

Long service leave entitlements have been calculated for employees with more than 5 years service. For employees who have not yet reached 10 years service they have been reduced by a probability component. For employees who have reached 10 years they have been calculated at the amount expected to be paid when the liability is settled.

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Notes to the financial statements (continued)

e) Cash and Cash Equivalents

Cash on hand includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

f) Revenue

Amounts disclosed as revenue are net of the amount of Goods and Services Tax (GST). Revenue is recognised for the major business activities as follows:

i) Poker Machines

Revenue is recognised as the net amount cleared from all machines

ii) Keno/TAB

Revenue is recognised as the commission received

iii) Other

Sales are recognised when the goods or services have been provided to the customer.

g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables in the statement of financial position are shown inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the cash flow statement on a net of GST basis.

h) Leases

Payments for operating leases where, substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the term of the lease.

i) Impairment of assets

At the end of each reporting period, the company reviews the carrying amounts 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 amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

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

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

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Notes to the financial statements (continued)

j) Comparative figures

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

When the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding comparative period, in addition to the minimum comparative financial statements, must be disclosed.

k) Accounts payable and other payables

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

l) Critical accounting estimates and judgments

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

m) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from members, as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

n) Provisions

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

o) Fair value of assets and liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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Notes to the financial statements (continued)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the company's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant are detailed in the respective note to the financial statements.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the company's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant are detailed in the respective note to the financial statements.

	2018	2017
	\$	\$
2. Revenue and other income		
Sale of goods	2,005,445	2,236,614
Services	1,229,246	1,301,917
Interest	675	3,670
GST assistance	17,180	17,180
Profit on disposal	6,262	17,796
Sub-club loans forgiven	24,466	-
Total revenue	3,283,274	3,577,177

3. Surplus/(loss) for the year

Operating income before income tax expense includes the following specific expenses:

Depreciation of property, plant & equipment	220,636	250,475
Finance costs	28,271	29,626
Employee leave provisions	65,469	59,365
Operating lease rental	27,973	27,248

4. Cash and cash equivalents

Cash at bank	7,817	208,673
Cash on hand	64,828	64,829
	72,645	273,502

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	2018 \$	2017 \$
5. Accounts receivable and other debtors		
Other debtors	54,220	46,886
The company does not have any material credit risk exposure to any receivable or group of receivables.		
 6. Inventories		
Retail Stock	28,679	25,756
Prize Stock	115	115
Bistro Stock	7,885	8,061
Greens Stock	3,297	3,580
	39,976	37,512
 7. Other current assets		
Prepayments	79,458	63,057
 8. Property, plant & equipment		
Land, buildings and improvements at cost	2,932,561	2,897,927
Less: accumulated depreciation	1,026,155	961,767
	1,906,406	1,936,160
 Plant & equipment at cost	3,017,808	2,972,874
Less: accumulated depreciation	2,515,786	2,381,369
	502,022	591,505
 Plant & equipment directors' valuation	26,908	26,908
Less: accumulated depreciation	26,908	26,908
	-	-
 Total property, plant & equipment	2,408,428	2,527,665

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Movements in property, plant and equipment carrying amounts

	Land	Buildings & Improvements	Plant & Equipment	Total
	\$	\$	\$	\$
Balance at 30 June 2017	522,193	1,413,967	591,505	2,527,665
Additions	-	34,582	67,555	102,137
Disposals	-	-	(26,000)	(26,000)
Depreciation expense	-	(64,338)	(156,298)	(220,636)
Accumulated depreciation write back		-	25,262	25,262
Carrying amount at 30 June 2018	522,193	1,384,211	502,024	2,408,428

	Land	Buildings & Improvements	Plant & Equipment	Total
	\$	\$	\$	\$
Balance at 30 June 2016	522,193	1,473,824	660,218	2,656,235
Additions	-	4,891	122,403	127,294
Disposals	-	-	(45,758)	(45,758)
Depreciation expense	-	(64,748)	(185,727)	(250,475)
Accumulated depreciation write back		-	40,369	40,369
Carrying amount at 30 June 2017	522,193	1,413,967	591,505	2,527,665

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	2018	2017
	\$	\$
9. Accounts payable and other payables		
Trade creditors & other creditors	74,843	106,884
Payroll withholding payable	29,020	25,234
Input tax credits	(38,304)	(39,421)
GST payable	79,035	83,946
Accrued charges	115,144	125,429
Subscriptions in advance	13,930	14,782
Sub-club section	12,752	13,564
	286,420	330,418
<p>The average credit period on accounts payable and other payables (excluding GST payable) is one month. Interest is not payable on outstanding payables.</p>		
10. Borrowings		
Member debentures	140,200	155,200
Loan – Aristocrat	-	27,445
	140,200	182,645
11. Employee provisions		
Annual Leave	27,248	24,115
Long service leave	55,785	61,856
Personal leave	26,035	22,712
	109,068	108,683

Employee provisions represent amounts accrued for annual leave, Sick 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 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 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 for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

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	2018	2017
	\$	\$
12. Reserves		
Asset revaluation reserve	<u>60,755</u>	<u>60,755</u>

13. Retained surplus		
Retained surplus at the beginning of the financial year	2,241,654	2,291,271
Net (loss) for year	<u>(183,370)</u>	<u>(49,617)</u>
Retained surplus at the end of the financial year	<u>2,058,284</u>	<u>2,241,654</u>

14. Financial risk management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, member debentures and hire purchase liabilities.

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The company enters its investment and borrowings at the interest rate prevailing at the time of the initial transaction. Other than member debentures, all transactions are entered into at a floating rate of interest.

The company's exposure to interest rate risk for each class of financial asset and liability is set out below.

2018	Fixed Interest Maturing in:						Total
	Notes	Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-Interest bearing	
Financial assets							
Cash and cash equivalents	4	7,817	-	-	-	64,828	72,645
Receivables	5	-	-	-	-	54,220	54,220
		7,817	-	-	-	119,048	126,865
Financial liabilities							
Trade and other payables	9	-	-	-	-	272,490	272,490
Borrowings	10	-	-	140,200	-	-	140,200
		-	-	140,200	-	272,490	412,690
Net financial assets / (liabilities)		7,817		(140,200)	-	(153,442)	(285,825)

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Fixed Interest Maturing in:

		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-Bearing Interest	Total
2017							
Financial assets							
Cash & cash equivalents	4	209,060	-	-	-	64,442	273,502
Receivables	5	-	-	-	-	46,886	46,886
		209,060	-	-	-	111,328	320,388
Financial liabilities							
Trade and other payables	9	-	-	-	-	315,636	315,636
Borrowings	10	-	-	155,200	-	27,445	182,645
		-	-	155,200	-	343,081	498,281
Net financial assets / (liabilities)		209,060	-	(155,200)	-	(231,753)	(177,893)

Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised at balance date are at the values as disclosed in the balance sheet and notes thereto.

The directors have considered the further application of the balance of AASB 132 "Presentation and Disclosure of Financial Instruments" and believe the balance of the standard is not applicable to the financial statements as the company's exposure to interest rate risk is low and the information required to be specified resulting from the application of the standard is not material.

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15. Related Party Transaction

Key Management Personnel

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

Key management personnel compensation

	2018	2017
	\$	\$
Wages, salaries & contract payments	122,166	128,522

Other related parties

Other related parties include close family members of key management personnel

Other related parties compensation

Wages, salaries & superannuation	83,966	82,359
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Directors in the course of carrying out their duties at meetings and on other occasions are provided with meals and liquor on a complimentary basis. All other transactions with directors are at normal terms and conditions no more favourable than available to other parties.

16. Borrowings

The debentures are unsecured and are held by Club members. They are for a period of 1-5 years with varying maturity dates falling in March, June and September each year. The nominal interest rate is 8% p.a.

17. Capital & operating lease commitments

	2018	2017
	\$	\$
Operating lease commitments:		
Non Cancellable Operating Leases contracted for but not capitalised in the accounts		
Lease fees payable:		
Not longer than 1 year	31,302	48,006
Longer than 1 year but not longer than 5 years	32,323	63,625
Longer than 5 years	-	-
	63,625	111,631

At balance date the club had committed to the purchase of an IQ gaming kiosk with a GST inclusive price of \$8,414.

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18. Events after the reporting period

The Club's directors are not aware of any significant event arising since the end of the reporting period.

19. Company details

The registered office of the entity is:

100 Rocky Point Road
Fingal Bay NSW 2315

The principal place of business is:

100 Rocky Point Road
Fingal Bay NSW 2315

20. Members' guarantee

The company is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the company is wound up, the Club's constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity.

At 30 June 2018 the number of members was 3,264

21. Sub-club loans

Each Sub-club forgave the loan owing by the Club during the year.

22. Core Property

The Club's property at Rocky Point Road is core property as defined in section 41J of the Registered Clubs Act.

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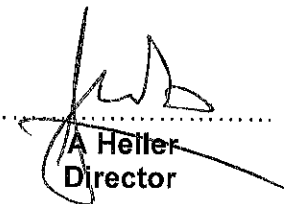
Directors' declaration

In accordance with a resolution of the directors of Fingal Bay Bowls, Sports & Recreation Club Ltd the directors declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and,
 - a) comply with Australian Accounting Standards 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.
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.


.....
M Day
Director


.....
A Heiler
Director

Dated 26th September 2018

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINGAL BAY BOWLS, SPORTS & RECREATION CLUB LTD

Report on the Financial Report.

Opinion

We have audited the financial report of Fingal Bay Bowls, Sports & Recreation Club Ltd, 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, 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 Fingal Bay Bowls, Sports & Recreation 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 ended; and
- (ii) Complying with Australian Accounting Standards and Corporations Regulations 2001.

Emphasis of Matter

The directors in their Directors' Report have stated that there is uncertainty as to the Club's ability to continue as a going concern.

We believe that these uncertainties and the steps taken to overcome them are adequately disclosed in the Directors' Report.

Basis for Opinion

We conduct 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 auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the code.

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

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

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

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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 the 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 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 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

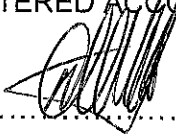
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our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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 finding, including any significant deficiencies in internal control that we identify during our audit.

MORLEY & COMPANY
CHARTERED ACCOUNTANTS



.....
S.B. Tolhurst

Nelson Bay
26th September 2018

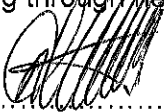
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Auditor's Disclaimer

The additional financial data presented on the following pages is in accordance with the books and records of the Fingal Bay Bowls, Sports & Recreation Club Ltd which have been subjected to the auditing procedures applied in our statutory audit of the company for the period ended 30 June 2018. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given.

In accordance with our firm's policy, we advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the company) in respect of such data, including any errors or omissions therein, arising through negligence or otherwise however caused.



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S.B. Tolhurst
W MORLEY & COMPANY PTY LTD
CHARTERED ACCOUNTANTS

Nelson Bay NSW 2315

26th September 2018