

Muree Golf Club Limited

ABN: 81 000 164 197

Financial Statements

For the Year Ended 30 June 2018

Muree Golf Club Limited

ABN: 81 000 164 197

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For the Year Ended 30 June 2018

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Muree Golf Club Limited

ABN: 81 000 164 197

Directors' Report 30 June 2018

The directors present their report on Muree Golf Club Limited for the financial year ended 30 June 2018.

1. General information

Information on directors

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

Leigh Clark

Trevor Etheridge

Pam Pirini

David Lovell

Ross Picot

Craig Waanders Resigned 23 October 2017

Jason Witt

Graham Maytom Resigned 26 February 2018

Grant Doolan

Matt Dorney Appointed 30 October 2017

Anthony Quinn Appointed 28 May 2018

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

Principal activities

The principal activity of Muree Golf Club Limited during the financial year was the promotion of golf and the provision of amenities to members and their guests.

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

Company objectives

The Company's objectives are to:

- Ensure the course kept to an optimum standard by engaging quality greenkeepers and undertaking regular maintenance; and
- Provide the best facilities available to members and their guests with a special interest in golf activities.

Strategy for achieving the objectives

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

- Maintain or increase and diversify existing revenue levels and control costs to maintain a profitable position and provide cash flow to upgrade the Club's premises.

Performance measures

The Club's strategies are measured through both financial and non-financial key performance indicators that have been developed relevant to the club industry.

Muree Golf Club Limited

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Directors' Report 30 June 2018

1. General information

Members' guarantee

Muree Golf 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 member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 22 for members subject to the provisions of the company's constitution.

2. Other items

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

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
Leigh Clark	13	13
Trevor Etheridge	13	13
Pam Pirini	13	11
David Lovell	13	12
Ross Picot	13	13
Craig Waanders	2	2
Jason Witt	13	12
Graham Maytom	8	8
Grant Doolan	13	11
Matt Dorney	10	7
Anthony Quinn	1	1

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 3 of the financial report.

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

Director: 

Director: 

Dated 27 September 2018


Muree Golf Club Limited

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Muree Golf 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.



Neil Watson
Partner
KLM Accountants

27 September 2018

Charlestown

Muree Golf Club Limited

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
Revenue	4	2,440,570	2,485,934
Other income	4	316,674	318,038
Raw materials and consumables used		(532,649)	(518,979)
Employee benefits expense		(1,082,351)	(1,049,156)
Depreciation and amortisation expense		(163,380)	(163,464)
Other bar expenses		(11,771)	(15,207)
Other gaming expenses		(63,403)	(78,392)
Other course expenses		(296,190)	(272,861)
Other catering expenses		(19,486)	(23,656)
Other pro shop expenses		(30,956)	(29,428)
Other expenses		(642,112)	(793,860)
Finance costs		(49,133)	(32,717)
Deficit before income tax		(134,187)	(173,748)
Income tax expense		-	-
Deficit from continuing operations		(134,187)	(173,748)
Deficit for the year		(134,187)	(173,748)
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		(134,187)	(173,748)

The accompanying notes form part of these financial statements.

Muree Golf Club Limited

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Statement of Financial Position 30 June 2018

		2018	2017
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	169,686	135,411
Trade and other receivables	7	19,553	6,742
Inventories	8	91,576	102,378
Other assets	9	35,004	37,646
TOTAL CURRENT ASSETS		315,819	282,177
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,262,586	3,234,164
TOTAL NON-CURRENT ASSETS		3,262,586	3,234,164
TOTAL ASSETS		3,578,405	3,516,341
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	160,055	169,661
Borrowings	12	104,373	63,762
Other financial liabilities	13	115,089	110,002
Provisions	14	67,006	62,263
TOTAL CURRENT LIABILITIES		446,523	405,688
NON-CURRENT LIABILITIES			
Borrowings	12	925,822	747,042
Other financial liabilities	13	406,177	425,177
Employee benefits	14	11,983	16,347
TOTAL NON-CURRENT LIABILITIES		1,343,982	1,188,566
TOTAL LIABILITIES		1,790,505	1,594,254
NET ASSETS		1,787,900	1,922,087
EQUITY			
Retained earnings		1,787,900	1,922,087
TOTAL EQUITY		1,787,900	1,922,087

The accompanying notes form part of these financial statements.

Muree Golf Club Limited

Statement of Changes in Equity
For the Year Ended 30 June 2018

2018

	Note	Retained Earnings \$	Total \$
Balance at 1 July 2017		1,922,087	1,922,087
Deficit for the year		(134,187)	(134,187)
Balance at 30 June 2018		1,787,900	1,787,900

2017

	Note	Retained Earnings \$	Total \$
Balance at 1 July 2016		2,095,835	2,095,835
Deficit for the year		(173,748)	(173,748)
Balance at 30 June 2017		1,922,087	1,922,087

The accompanying notes form part of these financial statements.

Muree Golf Club Limited

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Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	3,005,610	3,088,357
Payments to suppliers and employees	(2,972,598)	(3,086,048)
Interest received	577	671
Finance costs	(49,133)	(32,717)
Net cash (used in) / provided by operating activities	21 (15,544)	(29,737)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	34,371	727
Purchase of property, plant and equipment	(203,943)	(316,912)
Net cash used in investing activities	(169,572)	(316,185)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	286,953	301,990
Repayment of borrowings	(67,562)	(68,513)
Net cash provided by financing activities	219,391	233,477
Net increase/(decrease) in cash and cash equivalents held	34,275	(112,445)
Cash and cash equivalents at beginning of year	135,411	247,856
Cash and cash equivalents at end of financial year	6 169,686	135,411

The accompanying notes form part of these financial statements.

Muree Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2018

The financial report covers Muree Golf Club Limited as an individual entity. Muree Golf Club Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Muree Golf 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 and the *Corporations Act 2001*.

2 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) 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.

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.

(c) 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 is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

Muree Golf Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Rendering of services

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(d) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss over the period of the borrowing using the effective interest rate method.

(e) 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 statement of financial position.

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.

(f) Inventories

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

(g) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Where the cost model is used, 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.

Muree Golf Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(g) Property, plant and equipment

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Furniture, Fixtures and Fittings	20-25%
Motor Vehicles	25%
Office Equipment	20-30%
Poker Machines	25%
Poker Machine Licenses	0%

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) 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.

Muree Golf Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(i) 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.

(j) 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.

(k) Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(l) Going concern

At 30 June 2018, the Company's current liabilities (\$446,523) exceed its current assets (\$315,819) by \$130,704. Notwithstanding this deficiency, the financial report has been prepared on the going concern basis which contemplates the realisation of assets and the extinguishment of liabilities in the ordinary course of business.

The directors have considered the going concern basis appropriate with consideration to the following:

- Management are continually reviewing costs on a regular basis and making savings where appropriate.
- Current liabilities such as membership subscriptions received in advance (\$96,089) will not require cash settlement.
- It is not anticipated that all current employee entitlements (\$67,006) will be extinguished by 30 June 2018. Australian accounting standards require that, as the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, the balance must be classified as current.
- The entity's budget for 2018-19 has an estimated profit of \$163,418 (excluding depreciation) before capital project commitments.

It is with full consideration of the factors noted above that the financial statements have been prepared on a going concern basis.

Muree Golf Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(m) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

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. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - property, plant and equipment residual values and useful lives

These assets are written down to their estimated residual value over their anticipated useful lives using the straight-line basis. Management reviews residual values annual considering market conditions and disposal values.

Key estimates - revenue recognition - tower lease

The Company has a telecommunications tower lease which spans a number of reporting periods. Recognition of revenue in relation to this contract is on a straight line basis. This assumption is based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgments - lease classification

The Company is a party to a number of lease arrangements in relation to their golfing and clubhouse assets. Review of the minimum lease payments, lease term, other terms and conditions in the lease have caused the lease to be classified as operating leases and therefore there are no entries on the statement of financial position in relation to these assets or lease liability.

Muree Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2018

4 Revenue and Other Income

Revenue from continuing operations

	2018	2017
	\$	\$
Sales revenue		
- sale of goods	1,734,086	1,728,954
- poker machine income	706,484	756,980
Total Revenue	2,440,570	2,485,934
Other Income		
- rental income	122,703	111,665
- recoveries	-	711
- bingo sales	130,067	170,517
- other income	46,327	33,747
- interest income	577	671
- net gain on disposal of property, plant and equipment	17,000	727
	316,674	318,038

Muree Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2018

5 Result for the Year

The result for the year was derived after charging / (crediting) the following items:

	2018	2017
	\$	\$
Finance Costs		
- Other interest expense	49,133	32,717
Total finance costs	49,133	32,717

The result for the year includes the following specific expenses:

Cost of sales	532,649	518,979
Other expenses:		
Employee benefits expense	1,082,351	1,049,156
Depreciation expense	163,380	163,464
Net loss on disposal of property, plant and equipment	-	37,078
Rental expense on operating leases:		
- Course assets	106,185	103,656

6 Cash and Cash Equivalents

Cash at bank and in hand	159,686	125,411
Short-term deposits	10,000	10,000
	169,686	135,411

7 Trade and Other Receivables

CURRENT		
Trade receivables	16,648	2,120
Other receivables	2,905	4,622
	19,553	6,742

8 Inventories

CURRENT		
At cost:		
Raw materials and consumables	91,576	102,378

9 Other Assets

CURRENT		
Prepayments	35,004	37,646

Muree Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2018

10 Property, plant and equipment

	2018	2017
	\$	\$
Land		
At cost	1,048,863	1,048,863
Buildings		
At cost	1,896,457	1,896,457
Accumulated depreciation	(955,713)	(909,959)
	940,744	986,498
Capital works in progress		
At cost	376,403	258,026
Plant and equipment		
At cost	1,745,650	1,715,198
Accumulated depreciation	(1,222,274)	(1,156,734)
	523,376	558,464
Motor vehicles		
At cost	59,161	77,532
Accumulated depreciation	(43,372)	(44,058)
	15,789	33,474
Poker machine licences		
At cost	531,877	531,877
Accumulated depreciation	(323,440)	(323,440)
	208,437	208,437
Poker Machines		
At fair value	1,127,328	1,072,214
Accumulated depreciation	(978,354)	(931,812)
Total Poker Machines	148,974	140,402
Total property, plant and equipment	3,262,586	3,234,164

Muree Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2018

10 Property, plant and equipment

(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:

	Capital Works in Progress \$	Land \$	Buildings \$	Plant and Equipment \$
Year ended 30 June 2018				
Balance at the beginning of year	258,026	1,048,863	986,498	558,464
Additions	118,377	-	-	30,452
Disposals - written down value	-	-	-	-
Depreciation	-	-	(45,754)	(65,540)
Balance at the end of the year	376,403	1,048,863	940,744	523,376
	Motor Vehicles \$	Poker Machine Licenses \$	Poker Machines \$	Total \$
Year ended 30 June 2018				
Balance at the beginning of year	33,474	208,437	140,402	3,234,164
Additions	-	-	55,114	203,943
Disposals - written down value	(12,141)	-	-	(12,141)
Depreciation	(5,544)	-	(46,542)	(163,380)
Balance at the end of the year	15,789	208,437	148,974	3,262,586

(b) Core Property

Section 41J(2) of the Registered Clubs Act requires the annual report to specify the core and non-core property of the club as at the end of the financial year to which the report relates.

Core property is any real property owned or occupied by the club that comprises:

(a) the defined premises of the club; or

(b) any facility provided by the club for use by its members and their guests; or

(c) any other property declared by a resolution passed by a majority of the members present at a general meeting of ordinary members of the club to be core property.

Non-core property is any other property that is not referred to above as core property and any other property which is declared by the members at a general meeting of ordinary members of the club not to be core property.

Muree Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2018

10 Property, plant and equipment

(b) Core Property

The following property is the core property of the club;

- 6,7 Walker Crescent, Raymond Terrace

The following property is the non-core property of the club;

- 6A Elizabeth Street, Raymond Terrace

11 Trade and Other Payables

	2018	2017
Note	\$	\$
CURRENT		
Trade payables	62,232	89,817
GST payable	17,678	7,328
Wage accruals	29,963	23,518
Accrued expenses	19,246	41,523
Members vouchers	8,649	6,878
ATO integrated account	19,678	-
Other payables	2,609	597
	160,055	169,661

12 Borrowings

CURRENT

Secured liabilities:

Lease liability secured	(a)	77,373	63,762
Other loans	(c)	27,000	-

Total current borrowings

	104,373	63,762
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NON-CURRENT

Secured liabilities:

Lease liability secured	(a)	62,822	99,185
Bank loans	(b)	840,000	647,857
Other loans		23,000	-

Total non-current borrowings

	925,822	747,042
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Total borrowings

	1,030,195	810,804
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Muree Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2018

12 Borrowings

(a) Leased Liabilities

Leased liabilities are secured by the underlying leased assets.

(b) Bank loans

The Commonwealth Bank loan is secured by a registered first mortgage over club property situated at Walker Crescent and Elizabeth Street, Raymond Terrace.

(c) Other loans

The club has entered into an agreement with a private source to borrow \$50,000 at an interest rate of 4% per annum. The loan is required to be fully repaid by April 2020, and is secured over three poker machine entitlements.

13 Other Financial Liabilities

	2018	2017
	\$	\$
CURRENT		
Subscriptions in advance	96,089	89,411
Deferred income	-	1,591
Concurrent lease - phone tower	19,000	19,000
Total	115,089	110,002
NON-CURRENT		
Concurrent lease - phone tower	406,177	425,177

14 Employee Benefits

Current liabilities		
Long service leave	5,024	-
Provision for employee benefits	61,982	62,263
	67,006	62,263
Non-current liabilities		
Long service leave	11,983	16,347

15 Capital Commitments

(a) Contracted Commitments

Property development

EJE Architecture	-	62,800
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Muree Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2018

16 Leasing Commitments

(a) Finance leases

	2018	2017
	\$	\$
Minimum lease payments:		
- not later than one year	77,373	63,762
- between one year and five years	62,822	99,185
Minimum lease payments	<u>140,195</u>	<u>162,947</u>

Finance leases are in place for various assets and normally have a term between 3 and 5 years. The leases have terms of renewal but no purchase option or escalation clauses. Renewals are at the option of the entity holding the lease.

(b) Operating leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	104,661	104,661
- between one year and five years	120,295	233,852
	<u>224,956</u>	<u>338,513</u>

Operating leases are in place for various assets and normally have a term between 3 and 5 years.

17 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 22 each towards meeting any outstandings and obligations of the Company.

18 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is \$ 82,421 (2017: \$ 81,597).

19 Contingencies

Contingent Liabilities

Muree Golf Club Limited has a bank guarantee with the Commonwealth Bank of Australia as security for monies held for the TAB operations conducted at the club. The guarantee is for \$5,000.

20 Related Parties

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

Muree Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2018

21 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	2018	2017
	\$	\$
(Deficit) / profit for the year	(134,187)	(173,748)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	163,380	163,464
- net (gain) / loss on disposal of property, plant and equipment	(22,230)	36,351
Changes in assets and liabilities:		
- (increase) / decrease in trade and other receivables	(12,811)	6,034
- decrease / (increase) in other assets	2,642	(5,074)
- decrease / (increase) in inventories	10,802	23,565
- (decrease) / increase in trade and other payables	(9,606)	(25,314)
- (decrease) / increase in other liabilities - concurrent lease	(19,000)	(19,000)
- increase / (decrease) in other liabilities	5,087	17,692
- increase / (decrease) in employee benefits	379	(53,707)
Cashflows from operations	<u>(15,544)</u>	<u>(29,737)</u>

22 Events after the end of the Reporting Period

The financial report was authorised for issue on 27 September 2018 by the Board of Directors.

Property Development

Pursuant to the ongoing development of the Lincoln Group property development, the Club expects to lodge a development application with Port Stephens Council with a view to commence construction (subject to approval) before 30 June 2019.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

23 Statutory Information

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

Muree Golf Club Limited
Walker Crescent
RAYMOND TERRACE, NSW

Muree Golf Club Limited

ABN: 81 000 164 197

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 20, 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.



Director



Director

Dated 27 September 2018

Muree Golf Club Limited

Independent Audit Report to the members of Muree Golf Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Muree Golf Club Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 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 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 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.

Emphasis of Matter - Excess of current liabilities

We draw attention to Note 2(l) of the financial statements which describes the uncertainty related to the entity's ability to continue to operate as a going concern. The entity has a deficiency in working capital such that the current liabilities exceed the current assets by \$130,704. This indicates the existence of material uncertainty as to whether the entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. In our opinion, knowledge of the significant uncertainty affecting the entity's ability to continue as a going concern is necessary for the proper understanding of the financial report.

Muree Golf Club Limited

Independent Audit Report to the members of Muree Golf Club Limited

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 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.
- 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.

Muree Golf Club Limited

Independent Audit Report to the members of Muree Golf Club Limited

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Neil Watson
Partner
KLM Accountants

Charlestown
27 September 2018

Muree Golf Club Limited

ABN: 81 000 164 197

Disclaimer

For the Year Ended 30 June 2018

The additional financial data presented on the following pages in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year 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 we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Muree Golf Club Limited) in respect of such data, including any errors of omissions therein however caused.



Neil Watson

Partner

KLM Accountants
27 September 2018

Muree Golf Club
ABN: 81 000 164 197

**Detailed Trading Statements For the Year Ended 30
June 2018**

Bar	<u>2018</u>	<u>2017</u>
Income		
Sales	612,182	611,696
Brewery/Schweppes Rebate	14,822	8,914
Recycling Income	582	-
Less Cost of Goods Sold	<u>271,155</u>	<u>275,710</u>
Gross Profit	<u>356,431</u>	<u>344,900</u>
Less Expenditure		
Gas Cylinder Hire	1,735	2,450
Bar Snacks	5,577	7,332
Depreciation	4,653	4,530
Repairs & Maintenance	4,459	4,407
Salaries and wages	183,119	186,727
Employee Entitlements	519	821
Superannuation	16,384	16,516
Uniforms	-	198
	<u>216,446</u>	<u>222,980</u>
Net Operating Profit	<u>139,985</u>	<u>121,920</u>

Muree Golf Club
ABN: 81 000 164 197

**Detailed Trading Statements For the Year Ended 30
June 2018**

Gaming	<u>2018</u>	<u>2017</u>
Income		
Tab Commission	9,661	11,283
Keno Commission	58,119	70,288
Poker Machine Clearance	706,483	756,980
Government Subsidies	17,180	17,180
Profit/loss of non current assents	17,000	727
	<hr/>	<hr/>
Gross Profit	<u>808,444</u>	<u>856,457</u>
Less Expenditure		
Deprecation	46,550	46,863
Profit/loss of non current assents	-	37,078
DMS Monitoring	22,255	22,410
Sky, Racing & Ebet	17,983	18,317
Provision for Jackpots	(8,354)	5,417
Repairs & maintenance	23,781	21,207
Salaries	60,650	63,332
Superannuation	5,210	5,827
Tab/ Keno Expenses	7,738	11,041
	<hr/>	<hr/>
	<u>175,812</u>	<u>231,493</u>
Net Operating Profit	<u>632,632</u>	<u>624,965</u>

Muree Golf Club
ABN: 81 000 164 197

**Detailed Trading Statements For the Year Ended 30
June 2018**

Kitchen	<u>2018</u>	<u>2017</u>
Income		
Sales	360,563	375,397
Less Cost of Goods Sold	<u>183,269</u>	<u>165,733</u>
Gross Profit	<u>177,294</u>	<u>209,663</u>
Less Expenditure		
Gas	5,025	6,190
Advertising & Promotion	196	2,462
Depreciation	6,673	392
Repairs & maintenance	6,875	8,188
Telephone	163	482
Salaries and wages	195,163	196,348
Employee Entitlements	(183)	-
Superannuation	18,561	17,180
Uniforms	-	-
	<u>232,472</u>	<u>231,242</u>
Net Operating Profit	<u>(55,178)</u>	<u>(21,579)</u>

Muree Golf Club
ABN: 81 000 164 197

**Detailed Trading Statements For the Year Ended 30
June 2018**

Pro Shop Income	<u>2018</u>	<u>2017</u>
Sales	128,636	149,373
Less Cost of Goods Sold	<u>78,225</u>	<u>77,535</u>
Gross Profit	<u>50,411</u>	<u>71,838</u>
Other Income		
Cart Buggy Hire	94,183	84,674
Less Expenditure		
Rent on Carts	27,922	26,719
Interest	2,431	1,587
Depreciation	11,893	12,669
Repairs & maintenance	2,539	1,687
Telephone	495	1,023
Salaries and wages	107,501	99,400
Employee Entitlements	(636)	-
Superannuation	10,025	9,660
Uniforms	-	1,022
	<u>162,171</u>	<u>153,767</u>
Net Operating Profit	<u>(17,577)</u>	<u>2,745</u>

Muree Golf Club
ABN: 81 000 164 197

**Detailed Trading Statements For the Year Ended 30
June 2018**

Golf Course	2018	2017
Income		
Competitions	120,232	129,920
Propin	7,723	-
Green Fees	220,897	185,721
Buggy Shed	9,339	5,790
Sponsorship & Advertising	28,266	18,115
Fuel Rebate	5,851	6,406
Membership Income	149,954	145,572
	<hr/>	<hr/>
Gross Profit	542,262	491,524
Affiliation Fees	25,140	21,527
Depreciation	20,556	29,016
Donations & Sponsorship	12,370	16,404
Trophy's & Prizes	51,239	38,341
Course Products	49,575	70,086
Electricity	11,614	8,132
Fuel & Oil	23,371	20,133
Interest	-	(6,736)
Lease- Equipment	78,264	77,238
Pennants	3,426	3,791
Printing	3,485	3,488
Repairs & maintenance	47,941	29,150
Telephone	165	600
Salaries	270,590	260,366
Employee Entitlements	(4,738)	-
Superannuation	23,253	22,509
Uniforms & Training	1,600	4,544
	<hr/>	<hr/>
	617,852	598,588
Net Operating Profit	(75,589)	(107,064)

Muree Golf Club
ABN: 81 000 164 197

**Detailed Trading Statements For the Year Ended 30
June 2018**

	<u>2018</u>	<u>2017</u>
Bar Profit / Loss	139,985	121,920
Gaming Profit / Loss	632,632	624,965
Kitchen Profit / Loss	(55,178)	(21,579)
Course Profit / Loss	(75,589)	(107,064)
Pro Shop Profit / Loss	(17,577)	2,745
	<u>624,272</u>	<u>620,987</u>
Clubhouse income		
Vending Machine Commissions	2,937	2,626
Tam Commissions	16,906	15,794
Bingo Profit/ Loss	(4,669)	(15,175)
Raffle Profit / Loss	(3,794)	5,261
Interest	577	671
Rent - Tower	19,181	19,000
Rent- Return & Earn	2,200	-
Courtesy Bus	1,934	2,440
Other Revenue	19,333	9,628
Profit/ Loss on sale of Assets	6,230	-
	<u>60,836</u>	<u>40,245</u>
Less Expenditure		
Accountancy & Audit Fees	18,350	19,289
Advertising	23,648	11,923
Bank Charges/ Interest	54,902	38,720
Cleaning	70,169	71,483
Depreciation	73,055	76,730
Donation & Sponsorship	6,439	9,213
Electricity	84,605	60,231
Entertainment & Member Benefits	40,607	61,316
Insurance	59,313	68,548
Promotions	80,702	117,080
Salaries	155,821	146,621
Employee Entitlements	12,185	(7,465)
Superannuation	15,180	13,443
Rates	34,163	33,200
Repairs & maintenance	22,054	32,823
Telephone	9,126	9,235
Uniforms	27	193
License & Registrations	3,505	7,648
Membership cards & Stationary	9,088	11,135
Security	9,245	8,678
Payroll Tax	12,534	11,365
Staff Meals	7,228	8,089
Training	1,239	6,168
Subscriptions	14,671	17,994
General Maintenance Expense	1,438	1,320
	<u>819,294</u>	<u>834,979</u>
Net Operating Profit/ Loss	<u>(134,187)</u>	<u>(173,748)</u>