Toongabbie Sports and Bowling Club Limited

ABN 32 001 050 371

Annual Report - 30 June 2017

Toongabbie Sports and Bowling Club Limited
Contents
30 June 2017

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2017.

Directors
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

David Nugent
Duane Gorry
Rob Brownlow
Tim Heyes
Trevor Lord
Peter Stankevicius (resigned 22/02/2017)

Operating results
The surplus of the company for the financial year after providing for income tax amounted to $520,995 (2016: $294,325 surplus).

Objectives
The Company's objective is to provide excellence in service and amenities for all members and guests and to foster, encourage, promote and control the development of sports within the local community through the sustainable management of a Registered Club business.

Short term objectives
- To manage the Company's revenue to ensure the ongoing financial viability of the Company for the benefit of all members and community stakeholders;
-To maintain modern facilities, services and amenities for the benefit of the local community;
- To ensure ongoing legislated compliance and best practice principles; and
- To support the competitive and social endeavours of lawn bowlers and local sports.

Long term objectives
- Continual improvement of the Company's business to provide a sustainable local community resource;
- To maintain the club as an integral part of the local community; and
- To provide continuing support for the community by ensuring ongoing employment, investment in facilities and direct contributions to not for profit community organisations.

Strategy for achieving the objectives
- Forecasting and measuring income and expenditure expectations based on prior results and identified industry and local trends;
- Ongoing investigation to other opportunities to strengthen the Company's financial position;
- Providing members and guests with a range of activities to foster participation;
- Regular training, attendance at industry seminars and on line learning for Board and management; and
- Maintaining relationships with local community organisations.

Key performance indicators
-Monthly review of financial performance to forecast expectations and prior year results;
-Monthly review of departmental results to verified industry and regional results where available;
-Monthly review of membership growth; and
-Regular meetings with local community groups.

Future developments
The Company exchanged a Conditional Contract for the sale of approximately 5,000 SQM of land at the rear of the club on 8 January 2016 for $5,000,000 excluding GST for the purposes of a Residential Aged Care Facility. At this time two (2) of the four (4) conditions have been met and both parties continue to work towards contract completion expected in early 2018.

Significant changes in the year
No significant changes in the company's state of affairs occurred during the financial year.

Toongabbie Sports and Bowling Club Limited
Directors' report
30 June 2017

Principal activities
The principal activities of the Company during the financial year were:
- The operation of a licenced club for the benefit of its members and guests;
- The promotion of lawn bowls and sporting activities within the local community.

During the year, the Company acquired six gaming machine entitlements. The Company also acquired an additional investment property and continued its venture with a developer for a residential aged care facility.

Other than as noted above, no significant change in the nature of these activities occurred during the year.

Total number of members at year end is 7,447 (2016: 7,520).

Environmental issues
The Directors believe the company has complied with all significant environmental regulations under a law of Commonwealth or of a state or territory.

Indemnifying officer or auditor
During the year, the Company effected a Directors and Officer's liability policy. The insurance policy provides cover for the Directors named in this report, the company secretary, officers and former Directors and Officers of the Company.

The policy prohibits the disclosure of the nature of the indemnification and the insurance cover, and the amount of the premium.

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been an auditor of the company.

Information on directors

Name:	David Nugent
Member:	18 years
Qualifications:	State Manager
Years as club director:	13 years
Special responsibilities:	Chairman

Name:	Duane Gorry
Member:	15 years
Qualifications:	Regional Business Unit Manager
Years as club director:	8 years
Special responsibilities:	Vice Chairman, Treasurer

Name:	Rob Brownlow
Member:	6 years
Qualifications:	Banking Manager
Years as club director:	2 years

Name:	Tim Heyes
Member:	17 years
Qualifications:	Administration Manager
Years as club director:	5 years

Name:	Trevor Lord
Member:	29 years
Qualifications:	Retired Pharmacist
Years as club director:	4 years

Name:	Peter Stankevicius (resigned 22/02/2017)
Member:	28 years
Qualifications:	Production Manager
Years as club director:	20 years

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Eligible Meetings	Meetings Attended
David Nugent	12	10
Duane Gorry	12	9
Rob Brownlow	12	10
Tim Heyes	12	12
Trevor Lord	12	11
Peter Stankevicius	8	8

Held: represents the number of meetings held during the time the director held office.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

David Nugent
Director

30 August 2017

Unit 1, 1 Pioneer Avenue
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INDEPENDENT AUDITOR'S DECLARATION TO THE MEMBERS OF TOONGABBIE SPORTS AND BOWLING CLUB LIMITED

We hereby declare that to the best of our knowledge and belief during the year ended 30 June 2017, 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.

Name of Firm	Bishop Collins Audit Pty Ltd Chartered Accountants
Name of Registered Company Auditor	Martin Le Marchant
Auditor's Registration No.	431227
Address	Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated 30 August 2017

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TOONGABBIE SPORTS AND BOWLING CLUB LIMITED

Audit Opinion

We have audited the accompanying financial report of Toongabbie Sports and Bowling Club Limited ('the Company') which comprises the statement of financial position as at 30 June 2017, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion the accompanying financial report of Toongabbie Sports and Bowling Club Limited 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 2017 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) 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 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibilities for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from 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 in the preparation of the financial report. We also conclude, 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 disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Name of Firm	Bishop Collins Audit Pty Ltd Chartered Accountants
Name of Registered Company Auditor	Martin Le Marchant Martin Le Marchant
Auditor's Registration No.	431227
Address	Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259
Dated	30 August 2017

Toongabbie Sports and Bowling Club Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue	4	5,081,175	4,644,647
Other income	5	100,038	50,031
Total revenue		5,181,213	4,694,678
Expenses			
Employee benefits expense		(1,122,779)	(1,013,921)
Cost of goods sales		(639,266)	(623,966)
Poker machine taxation		(424,038)	(353,845)
Club promotions		(330,965)	(323,714)
Depreciation and amortisation expense		(372,190)	(314,661)
Sports expenses		(204,847)	(214,735)
Entertainment expenses		(240,377)	(192,146)
Club grants		(154,173)	(164,771)
Function expenses		(145,972)	(150,864)
Utilities expenses		(119,887)	(125,892)
Raffle expenses		(125,324)	(122,440)
Superannuation		(96,483)	(88,473)
Repairs and maintenance expenses		(76,398)	(76,070)
Accounting fees		(57,485)	(71,204)
Cleaning expenses		(63,366)	(66,703)
Insurances		(60,957)	(65,376)
Security expenses		(63,630)	(58,439)
Legal expenses		(3,469)	(42,647)
Finance costs		(52,816)	(45,994)
Advertising and promotion expenses		(52,346)	(38,951)
Water expenses		(17,192)	(18,503)
Computer software expenses		(20,412)	(17,118)
TAB expenses		(16,583)	(16,167)
Loss on disposal of assets		(4,894)	(6,247)
Other expenses		(194,369)	(187,506)
Total expenses		(4,660,218)	(4,400,353)
Surplus before income tax expense		520,995	294,325
Income tax expense		-	-
Surplus after income tax expense for the year	21	520,995	294,325
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		520,995	294,325

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Toongabbie Sports and Bowling Club Limited
Statement of financial position
As at 30 June 2017

	Note	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	6	235,986	495,389
Trade and other receivables	7	11,000	21,818
Inventories	8	48,954	40,540
Prepayments	9	8,026	6,466
		303,966	564,213
Assets classified as held for sale	10	2,280,000	2,280,000
Total current assets		2,583,966	2,844,213
Non-current assets			
Investment properties	11	913,998	913,998
Property, plant and equipment	12	9,009,721	8,868,263
Intangibles	13	493,538	174,040
Total non-current assets		10,417,257	9,956,301
Total assets		13,001,223	12,800,514
Liabilities			
Current liabilities			
Trade and other payables	14	379,806	302,098
Borrowings	15	316,100	12,782
Employee benefits	16	167,807	147,498
Other	17	22,000	-
Total current liabilities		885,713	462,378
Non-current liabilities			
Borrowings	18	729,030	1,489,999
Employee benefits	19	46,709	29,361
Total non-current liabilities		775,739	1,519,360
Total liabilities		1,661,452	1,981,738
Net assets		11,339,771	10,818,776
Equity			
Reserves	20	5,353,151	5,353,151
Retained surpluses	21	5,986,620	5,465,625
Total equity		11,339,771	10,818,776

The above statement of financial position should be read in conjunction with the accompanying notes

Toongabbie Sports and Bowling Club Limited
Statement of changes in equity
For the year ended 30 June 2017

	Asset revaluation reserve $	Capital surplus reserve $	Retained surplus $	Total equity $
Balance at 1 July 2015	3,300,094	2,053,057	5,171,300	10,524,451
Surplus after income tax expense for the year	-	-	294,325	294,325
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	294,325	294,325
Balance at 30 June 2016	3,300,094	2,053,057	5,465,625	10,818,776

	Asset revaluation reserve $	Capital surplus reserve $	Retained surplus $	Total equity $
Balance at 1 July 2016	3,300,094	2,053,057	5,465,625	10,818,776
Surplus after income tax expense for the year	-	-	520,995	520,995
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	520,995	520,995
Balance at 30 June 2017	3,300,094	2,053,057	5,986,620	11,339,771

The above statement of changes in equity should be read in conjunction with the accompanying notes

Toongabbie Sports and Bowling Club Limited
Statement of cash flows
For the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,583,677	5,062,168
Payments to suppliers and employees (inclusive of GST)		(4,594,611)	(4,475,253)
		989,066	586,915
Interest received		38	31
Interest paid		(52,816)	(45,994)
Net cash from operating activities		936,288	540,952
Cash flows from investing activities			
Proceeds from deposits for sale of non-current assets held for sale		100,000	50,000
Proceeds from disposal of property, plant and equipment		-	500
Payments for property, plant and equipment		(507,315)	(282,805)
Payments for intangible assets		(238,091)	(174,040)
Payments for investment property		-	(913,998)
Net cash used in investing activities		(645,406)	(1,320,343)
Cash flows from financing activities			
Proceeds from borrowings		-	1,640,499
Repayment of borrowings		(550,285)	(551,956)
Net cash from/(used in) financing activities		(550,285)	1,088,543
Net increase/(decrease) in cash and cash equivalents		(259,403)	309,152
Cash and cash equivalents at the beginning of the financial year		495,389	186,237
Cash and cash equivalents at the end of the financial year	6	235,986	495,389

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Toongabbie Sports and Bowling Club Limited as an individual entity. The financial statements are presented in Australian dollars, which is Toongabbie Sports and Bowling Club Limited's functional and presentation currency.

Toongabbie Sports and Bowling Club Limited is a non profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2017. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going concern
At 30 June 2017, the company’s current liabilities ($882,683) exceed its current assets (excluding non-current assets classified as held for sale) ($300,936) by $581,747.

Notwithstanding this deficiency, the financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the extinguishment of liabilities in the ordinary course of business.

The directors of the company have considered the going concern assumption appropriate with consideration to the following:

- The company’s budget for 2018 has estimated a surplus;
- The company's commercial bill facility (expiry 31/12/2017) is expected to be rolled over during the 2017 calendar year;
- Current liabilities, including income in advance ($22,000), and members redeemable points ($100,262), will not require cash settlement; and
- It is not anticipated that current employee entitlements ($167,807) will be extinguished by 30 June 2018.

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

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Note 2. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The directors are of the opinion that the company is exempt from Income tax pursuant to Section 50-45 of the Income Tax Assessment Act 1997.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Assets classified as held for sale
Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of an asset held for sale, but not in excess of any cumulative impairment loss previously recognised.

Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Assets held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Note 2. Significant accounting policies (continued)

Investment properties
Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the company. Investment properties are initially recognised at fair value, and are subsequently remeasured at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Property, plant and equipment
Land and buildings are held at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 - 100 years
Leasehold improvements	3 - 10 years
Plant and equipment	3 - 7 years
Plant and equipment under lease	2 - 7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Note 2. Significant accounting policies (continued)

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Revenue

	2017 $	2016 $
Poker machine revenue	2,647,371	2,298,328
Bar sales	1,609,732	1,508,141
Raffle, bingo and entertainment income	148,131	141,708
Sports sales	201,304	204,824
Rental income	83,997	77,168
Tab income	43,198	42,640
Keno sales	53,822	60,223
Function sales	177,545	173,773
Other sales	116,075	137,842
Revenue	5,081,175	4,644,647

Note 5. Other income

	2017 $	2016 $
Interest received	38	31
Non-refundable deposit on sale of assets classified as held for sale	100,000	50,000
Other income	100,038	50,031

Note 6. Current assets - cash and cash equivalents

	2017 $	2016 $
Cash at bank and on hand	235,986	495,389

Note 7. Current assets - trade and other receivables

	2017 $	2016 $
Trade receivables	6,000	16,818
Security deposit	5,000	5,000
	11,000	21,818

Note 8. Current assets - inventories

	2017 $	2016 $
Stock on hand - at cost	48,954	40,540

Note 9. Current assets - Prepayments

	2017 $	2016 $
Prepayments	8,026	6,466

Note 10. Current assets - Assets classified as held for sale

	2017 $	2016 $
Investment properties	2,280,000	2,280,000

The club intends to dispose of these properties as part of the development of a residential aged care facility. The properties were deemed non-core at the 2014 AGM.

The basis of the valuation of assets held for sale is fair value, being the lower of the carrying amount and fair value less costs to sell on recognition as of the assets as held for sale. The assets held for sale were last revalued on 4 July 2014 based on independent assessments by a member of the Australian Property Institute. The directors do not believe there has been a material movement in the carrying value since the revaluation date.

Note 11. Non-current assets - investment properties

	2017 $	2016 $
10 Wentworth Avenue, Toongabbie - at fair value	913,998	913,998

Note 12. Non-current assets - property, plant and equipment

	2017 $	2016 $
Freehold land - at valuation	1,780,919	1,780,919
Bowling greens - at valuation	1,019,081	1,019,081
	2,800,000	2,800,000
Buildings - at valuation	4,046,671	4,046,671
Freehold improvements - at cost	1,822,082	1,626,041
Less: Accumulated depreciation	(374,300)	(298,071)
	1,447,782	1,327,970
Plant and equipment - at cost	5,697,962	5,410,539
Less: Accumulated depreciation	(4,982,694)	(4,716,917)
	715,268	693,622
	9,009,721	8,868,263

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Freehold land and Greens - at valuation $	Buildings - at valuation $	Freehold Improvements - at cost $	Plant and equipment - at cost $	Total $
Balance at 1 July 2016	2,800,000	4,046,671	1,327,970	693,622	8,868,263
Additions	-	-	196,041	311,274	507,315
Disposals	-	-	-	(4,894)	(4,894)
Depreciation expense	-	-	(76,229)	(284,734)	(360,963)
Balance at 30 June 2017	2,800,000	4,046,671	1,447,782	715,268	9,009,721

Valuations of land and buildings
The basis of the valuation of land and buildings is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The land and buildings were last revalued on 30 June 2015, based on independent assessments by a member of the Australian Property Institute. The directors do not believe that there has been a material movement in fair value since the revaluation date.

Note 12. Non-current assets - property, plant and equipment (continued)

Core Property and Non-Core Property

As required by the Registered Clubs Act 1976 (the "Act"), No 31 section 41J(2), the club's core and non-core property is as follows:

Core Properties
12 Station Road, Toongabbie. Lot 30/DP 1106209 [Subject and Conditional DA 545/2014, Lot 501/DP 1106209]

Non-Core Properties
Lot 502 DP/1106209, approximately 2350 square metres in size.
Which will be created after the subdivision of Lot 30/ DP 1106209 located near the rear of the club.
4 Wentworth Avenue, Toongabbie [Lot 9/DP 22506]
6 Wentworth Avenue, Toongabbie [Lot 8/DP 22506]
8 Wentworth Avenue, Toongabbie [Lot 7/DP 22506]
10 Wentworth Avenue, Toongabbie [Lot 6/DP 22506]

Note 13. Non-current assets - intangibles

	2017 $	2016 $
Poker machine entitlements - at cost	369,540	174,040
Gaming licenses - at cost	135,225	-
Less: Accumulated amortisation	(11,227)	-
	123,998	-
	493,538	174,040

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Poker Machine Entitlements $	Gaming Licenses $	Total $
Balance at 1 July 2016	174,040	-	174,040
Additions	195,500	135,225	330,725
Amortisation expense	-	(11,227)	(11,227)
Balance at 30 June 2017	369,540	123,998	493,538

Note 14. Current liabilities - trade and other payables

	2017 $	2016 $
Trade payables	127,072	40,769
Poker machine payables	6,596	6,968
Members redeemable points	100,262	94,797
BAS payable	48,097	51,870
Accrued expenses	97,779	107,694
	379,806	302,098

Note 15. Current liabilities - borrowings

	2017 $	2016 $
Credit card	2,497	2,335
Bank loan	250,000	-
Hire purchase	-	10,447
Lease liability	63,603	-
	316,100	12,782

Refer to note 18 for further information on assets pledged as security and financing arrangements.

Note 16. Current liabilities - employee benefits

	2017 $	2016 $
Annual leave	101,013	82,238
Long service leave	26,339	30,938
Sick leave	40,455	34,322
	167,807	147,498

Note 17. Current liabilities - other

	2017 $	2016 $
Sponsorship received in advance	17,000	-
Refundable security deposit	5,000	-
	22,000	-

Note 18. Non-current liabilities - borrowings

	2017 $	2016 $
Bank loans	699,999	1,489,999
Lease liability	29,031	-
	729,030	1,489,999

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	2017 $	2016 $
Bank loans	949,999	1,489,999
Hire purchase	-	10,447
Lease liability	92,634	-
	1,042,633	1,500,446

Assets pledged as security
The bank loans are secured by first mortgages over the 4, 6 and 8 Wentworth Avenue properties. The Club holds the titles to the 10 Wentworth Avenue and 12 Station Street properties.

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2017 $	2016 $
Total facilities		
Bank loans	1,500,000	1,500,000
Used at the reporting date		
Bank loans	-	-
Unused at the reporting date		
Bank loans	1,500,000	1,500,000

Note 19. Non-current liabilities - employee benefits

	2017 $	2016 $
Long service leave	46,709	29,361

Note 20. Equity - reserves

	2017 $	2016 $
Revaluation surplus reserve	3,300,094	3,300,094
Capital profits reserve	2,053,057	2,053,057
	5,353,151	5,353,151

Note 21. Equity - retained surpluses

	2017 $	2016 $
Retained surpluses at the beginning of the financial year	5,465,625	5,171,300
Surplus after income tax expense for the year	520,995	294,325
Retained surpluses at the end of the financial year	5,986,620	5,465,625

Note 22. Key management personnel disclosures

The aggregate compensation made to members of key management personnel of the company is $281,393 (2016: $238,297).

Note 23. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 22.

Transactions with related parties
The following transactions occurred with related parties:

	2017 $	2016 $
Benefits approved by members at AGM:		
Honoraria	18,125	17,430
Meeting refreshments	4,425	5,164
Payment for other expenses:		
Other expenses paid to other related party - salaries and wages (C Sultana, related party of P Stankevicius)	29,943	18,467
Other expenses paid to other related party - salaries and wages (S McKenzie, related party of A Lauridsen)	2,521	3,399
Other expenses paid to other related party - High Roller Poker (T Heyes)	31,500	32,550

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 23. Related party transactions (continued)

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 24. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 25. 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 $10 each towards meeting any outstanding debts and obligation of the company. At 30 June 2017, total members were 7,447 (2016: 7,520).

Toongabbie Sports and Bowling Club Limited
Directors' declaration
30 June 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

David Nugent
Director

30 August 2017