

West Pennant Hills Sports Club

ABN: 50 000 609 450

Financial Statements

For the Year Ended 30 June 2018

West Pennant Hills Sports Club

ABN: 50 000 609 450

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For the Year Ended 30 June 2018

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West Pennant Hills Sports Club

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Directors' Report

30 June 2018

The directors present their report on West Pennant Hills Sports Club for the financial year ended 30 June 2018.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names

William Austin

Ross Patrick

Tony Fugaccia

Raymond Newton

Gary Purcell

Stephen Watson

Richard Hickey

Ross Fitzpatrick

Gerry Kenny

Appointed 6 November 2017

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

Company secretary

The following person held the position of Club secretary at the end of the financial year:

Jason Read (A.C.C.M) has been the company secretary of the Club for the whole of the financial year and up to the date of this report. Jason has worked in the club industry 29 years, 21 years of which with West Pennant Hills Sports Club as Secretary Manager.

Jason is an "Active Certified Club Manager" and an Executive Committee Member of Eastwood Gladesville Liquor Accord.

Principal activities

The principal activity of West Pennant Hills Sports Club during the financial year was the promotion of sport.

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

Operating result

The Club earned an operating profit of \$728,459 (2017: \$1,060,147) before Other income of \$0 (2017: \$539,000) and depreciation, amortisation and impairments of \$1,003,736 (2017: \$715,738) and finance costs of \$204,925 (2017: \$203,560). The loss of the Club after providing for income tax amounted to \$480,202 (2017: profit of \$679,849).

Short term objectives

The Club's short term objectives are to:

- Enhance the Club's facilities in line with the Club's approved Master Plan development consent.

West Pennant Hills Sports Club

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Directors' Report

30 June 2018

Long term objectives

The Club's long term objectives are to:

- Improve the Club's trading results through strategic planning of a strong business growth methodology whilst enhancing the Club's standing in the community by promoting sport and sporting Clubs in the local area.

Information on directors

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

William Austin

Occupation & Qualifications Real Estate Agent
Special Responsibilities Chairman of Directors, Chairman of the Management Committee, Member of the Building Development Committee, Member of the Finance, Audit and Compliance Committees
Years a Director of the Club 25

Ross Patrick

Occupation & Qualifications Retired Administration Officer Public Health
Special Responsibilities Deputy Chairman of Directors, Member of the Building Development Committee, Member of the Finance, Audit and Compliance Committees
Years a Director of the Club 3

Tony Fugaccia

Occupation & Qualifications Retired School Principal
Special Responsibilities Deputy Chairman of Directors, Member of the Building Development Committee, Member of the Finance, Audit and Compliance Committees
Years a Director of the Club 6

Raymond Newton

Occupation & Qualifications Retired Insurance Executive
Special Responsibilities Honorary Treasurer, Chairman of the Finance, Audit and Compliance Committee, Member of the Building Development and Management Committees
Years a Director of the Club 7

Gary Purcell

Occupation & Qualifications Retired Company Director
Special Responsibilities Director, Member of the Building Development Committee
Years a Director of the Club 7

Stephen Watson

Occupation & Qualifications IT Sales Manager
Special Responsibilities Director, Member of Bowling Greens and Grounds and Building Development Committees
Years a Director of the Club 3

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Directors' Report

30 June 2018

Information on directors

Richard Hickey

Occupation & Qualifications Chartered Accountant
BA(Econ), B.Bus(Accounting),CA
Special Responsibilities Director, Member of the Finance, Audit and Compliance Committee and Member of the Building Development Committee
Years a Director of the Club 9

Ross Fitzpatrick

Occupation & Qualifications Retired School Principal
Special Responsibilities Director, Member of the Bowling Greens and Grounds and Building Development Committee
Years a Director of the Club 2

Gerry Kenny

Occupation & Qualifications School Teacher
Special Responsibilities Director, Member of the Building Development Committee
Years as director of the Club 1

Meetings of directors

During the financial year, fourteen 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
William Austin	14	13
Ross Patrick	14	14
Tony Fugaccia	14	13
Raymond Newton	14	13
Gary Purcell	14	14
Stephen Watson	14	13
Richard Hickey	14	12
Ross Fitzpatrick	14	13
Gerry Kenny	9	9

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Directors' Report

30 June 2018

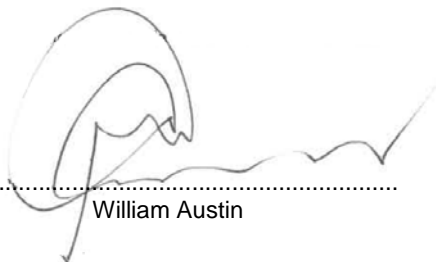
Members guarantee

The Club is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$2 (2017: \$2) towards meeting any outstanding obligations of the entity.

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 5 of the financial report.

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

Director:

William Austin

Director:

Raymond Newton

Dated: 9 October 2018

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of West Pennant Hills Sports Club

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.



PKF



SCOTT TOBUTT
PARTNER

9 OCTOBER 2018
SYDNEY, NSW

West Pennant Hills Sports Club

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

		2018	2017
	Note	\$	\$
Revenue	2	8,086,481	8,093,161
Other income	2	-	539,000
Cost of sales		(700,680)	(648,086)
Employee benefits expense		(2,462,248)	(2,284,751)
Courtesy bus expense		(16,992)	(16,010)
Advertising expense		(29,128)	(43,710)
Insurance expense		(113,960)	(104,369)
Poker machine duty		(1,153,100)	(1,120,044)
Entertainment and promotion expense		(1,002,638)	(994,605)
Rates and utilities expense		(250,920)	(225,581)
House expenses		(259,520)	(215,296)
Repairs and maintenance		(338,147)	(307,333)
Lease expense		(338,112)	(380,143)
Other expenses		(620,330)	(597,669)
Profit before income tax, depreciation and support to the community		800,706	1,694,564
Finance costs		(204,925)	(203,560)
Depreciation and amortisation expense		(1,003,736)	(715,738)
Community development expense		(72,247)	(95,417)
Profit/(loss) before income tax		(480,202)	679,849
Income tax expense		-	-
Profit/(loss) from continuing operations		(480,202)	679,849
Fair value movements on revaluation of land		-	2,650,000
Other comprehensive income		-	2,650,000
Total comprehensive income for the year		(480,202)	3,329,849

The accompanying notes form part of these financial statements.

West Pennant Hills Sports Club

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Statement of Financial Position

As At 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	513,951	402,776
Trade and other receivables	4	21,183	25,228
Inventories	5	66,707	56,703
Financial assets	8	3,051,146	4,426,034
Other assets	6	73,824	50,124
TOTAL CURRENT ASSETS		<u>3,726,811</u>	<u>4,960,865</u>
NON-CURRENT ASSETS			
Financial assets	8	500	500
Property, plant and equipment	7	22,977,222	21,860,430
Investment property	9	1,299,675	2,049,675
Intangible assets	10	1,668,045	1,668,045
TOTAL NON-CURRENT ASSETS		<u>25,945,442</u>	<u>25,578,650</u>
TOTAL ASSETS		<u>29,672,253</u>	<u>30,539,515</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	587,437	517,955
Borrowings	11	413,495	599,347
Short-term provisions	13	297,248	218,242
TOTAL CURRENT LIABILITIES		<u>1,298,180</u>	<u>1,335,544</u>
NON-CURRENT LIABILITIES			
Borrowings	11	4,969,269	5,282,787
Long-term provisions	13	15,303	51,481
TOTAL NON-CURRENT LIABILITIES		<u>4,984,572</u>	<u>5,334,268</u>
TOTAL LIABILITIES		<u>6,282,752</u>	<u>6,669,812</u>
NET ASSETS		<u>23,389,501</u>	<u>23,869,703</u>
EQUITY			
Reserves	14	7,388,316	7,388,316
Retained earnings		16,001,185	16,481,387
TOTAL EQUITY		<u>23,389,501</u>	<u>23,869,703</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2018

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2017	16,481,387	7,388,316	23,869,703
Loss for the year	(480,202)	-	(480,202)
Balance at 30 June 2018	16,001,185	7,388,316	23,389,501

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2016	15,801,538	4,738,316	20,539,854
Profit for the year	679,849	-	679,849
Fair value movements on revaluation of land	-	2,650,000	2,650,000
Balance at 30 June 2017	16,481,387	7,388,316	23,869,703

The accompanying notes form part of these financial statements.

West Pennant Hills Sports Club

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Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	8,812,892	8,439,727
Payments to suppliers and employees	(8,080,558)	(7,518,694)
Interest received	78,806	124,555
Finance costs	(204,925)	(203,560)
Net cash provided by operating activities	606,215	842,028
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(1,373,310)	(3,358,167)
Disposal of property, plant and equipment	2,782	330,623
Net proceeds / (purchase) of financial assets	1,374,888	1,573,966
Net cash provided for investing activities	4,360	(1,453,578)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds / (repayment) of borrowings	(499,400)	(359,966)
Net cash (used in) / provided by financing activities	(499,400)	(359,966)
Net increase/(decrease) in cash and cash equivalents held	111,175	(971,516)
Cash and cash equivalents at beginning of year	402,776	1,374,292
Cash and cash equivalents at end of financial year	513,951	402,776

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The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2018

The financial report covers West Pennant Hills Sports Club as an individual entity. West Pennant Hills Sports Club is a not-for-profit Club limited by guarantee, incorporated and domiciled in Australia.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

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

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

(b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

(c) Income Tax

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997. The income tax exemption has been claimed based on self assessment by the Directors of the Club.

(d) 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 Club 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 that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Club will obtain ownership of the asset or over the term of the lease.

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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(e). 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 entity 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).

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.

Revenue from the rendering of services is recognised upon the delivery of service to the customers. Revenue from services primarily includes entertainment, membership and gaming revenue being gaming machine clearances, net of payouts.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Rental revenue is recognised on an accruals basis or straight line basis in accordance with the lease agreements.

(f). Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(g). 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 payables 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.

(h). Inventories

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

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(i). Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost or revaluation model as specified below.

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.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

The depreciable amount of plant and equipment is depreciated on a reducing balance method from the date that management determine the asset is available for use. The depreciable amount of buildings is depreciated on a straight-line method from the date that management determine the asset is available for use. Land is not subject to any depreciation.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	2.5% - 33%
Property improvements	4% - 27%

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.

At 30 June 2018 the directors have reviewed the useful life of buildings and determined a depreciation rate of 2.5% (previously 4%) is more appropriate and reflects the consumption of future economic benefits for this class of asset with greater accuracy.

(j). Investment property

Investment property, comprising residential property, is held to generate long-term rental yields and future club grounds/buildings expansions. All tenant leases are on an arm's length basis. Investment property is carried at fair value, determined annually by directors or independent valuers. Changes to fair value are recorded in the income statement as other income.

(k). Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(k). Financial instruments

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

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

Loans and receivables

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

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

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

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

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

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

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

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

Financial liabilities

Financial liabilities are recognised when the Club becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

The Club's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Club assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(k). Financial instruments

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

(l). Intangible Assets

Intangible assets consist of Poker machine entitlements which are initially recorded at cost. Poker machine entitlements have an indefinite life and are carried at cost less accumulated impairment losses. The carrying value of intangibles are assessed annually for impairment.

(m). Cash and cash equivalents

Cash and cash equivalents comprises cash on hand 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.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(n). Employee benefits

Provision is made for the Club'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 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 twelve months 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. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Club does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(o). Trade and other payables

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

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(p). 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 - fair value of land and buildings

The Club carries land and buildings at fair value with changes in the fair value recognised in the revaluation reserve.

The land and buildings were independently valued at 30 June 2017 by MJ Davis Realty Appraisals. The valuations were based on the market values and representative of "Value in use". The critical assumptions adopted in determining the valuation included the location of land buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The directors have made an assessment at the year end and have concluded these fair values relevant at 30 June 2017 are still appropriate at 30 June 2018.

Key estimates - fair value of investment property

The Club carries investment property at fair value with changes in the fair value recognised in profit and loss for the year.

Investment property was independently valued at 25 November 2016 by MJ Davis Realty Appraisals resulting in a revaluation gain of \$539,000 recognised in other income in the year to 30 June 2017. The valuation was based on the market value. The critical assumptions adopted in determining the valuation included the location of land buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The directors have made an assessment at the year end and have concluded the fair value relevant at 25 November 2016 is still appropriate at 30 June 2018.

Key estimates - impairment of intangibles

The recoverable amount of intangible assets was assessed by reference to the intangibles value in use. Value in use is calculated based on the present value of cash flow projections over a 5 year period. The cash flows are discounted using a rate of 7% and an annual growth rate of 3%. Management believes that any reasonable possible change in key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount of intangible assets to exceed its recoverable amount. The assumptions used in the discounted cash flow model are tested against a sensitivity model (+/- 5%).

Key estimates - income tax exemption status

The Directors of the Club have self assessed their ongoing exemption from income tax at 30 June 2018, as a Sporting Club in accordance with Section 5045 of the Income Tax Assessment Act 1997.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
2 Revenue and Other Income		
Sales revenue		
- Gaming revenue	5,694,113	5,593,974
- Bar sales	1,528,851	1,441,607
	<u>7,222,964</u>	<u>7,035,581</u>
Other revenue		
- Promotion revenue	284,429	260,456
- Sporting club income	114,811	117,915
- Commission received	61,755	53,623
- Membership subscriptions	39,020	36,635
- Rental income	136,217	60,657
- Interest received	78,806	124,555
- Other revenue	148,479	403,739
	<u>863,517</u>	<u>1,057,580</u>
	<u>8,086,481</u>	<u>8,093,161</u>
Other income		
Movement in fair value of investment property	-	539,000
		<u>539,000</u>
3 Cash and cash equivalents		
Cash at bank	264,951	163,776
Cash on hand	249,000	239,000
	<u>513,951</u>	<u>402,776</u>
4 Trade and other receivables		
CURRENT		
Trade receivables	21,183	25,228
	<u>21,183</u>	<u>25,228</u>
5 Inventories		
Bar and catering stock on hand	66,707	56,703
	<u>66,707</u>	<u>56,703</u>
6 Other assets		
CURRENT		
Prepayments	73,824	50,124
	<u>73,824</u>	<u>50,124</u>

West Pennant Hills Sports Club

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Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
7 Property, plant and equipment		
Freehold land at valuation	7,750,000	7,000,000
Buildings at valuation	1,750,000	1,750,000
Less accumulated depreciation	(463,750)	(420,000)
Total buildings	1,286,250	1,330,000
Total land and buildings	9,036,250	8,330,000
Capital works in progress		
At cost	514,353	314,048
Plant and equipment		
At cost	5,463,321	5,204,640
Accumulated depreciation	(2,801,112)	(2,124,135)
Total plant and equipment	2,662,209	3,080,505
Property improvements		
At cost	11,489,345	10,579,039
Accumulated depreciation	(724,935)	(443,162)
Total property improvements	10,764,410	10,135,877
Total property, plant and equipment	22,977,222	21,860,430

Capital works in progress reflect accumulated payments made in regards to the completion of Master Plan Stage 1B.

(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	Property improvements	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2018						
Balance at the beginning of year	314,048	7,000,000	1,330,000	3,080,505	10,135,877	21,860,430
Additions	200,305	-	-	262,698	910,307	1,373,310
Disposals	-	-	-	(2,782)	-	(2,782)
Depreciation expense	-	-	(43,750)	(678,212)	(281,774)	(1,003,736)
Transfers from investment properties	-	750,000	-	-	-	750,000
Balance at the end of the year	514,353	7,750,000	1,286,250	2,662,209	10,764,410	22,977,222

West Pennant Hills Sports Club

ABN: 50 000 609 450

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
8 Financial assets		
CURRENT		
Term deposits	3,051,146	4,426,034
NON-CURRENT		
Unlisted investments, at cost	500	500
9 Investment property		
Balance at beginning of the period	2,049,675	1,505,562
Reclassification to property, plant and equipment	(750,000)	-
Additions resulting from capitalised subsequent expenditure	-	5,113
Increase in fair value	-	539,000
	<u>1,299,675</u>	<u>2,049,675</u>
<p>"Investment property" shown above are investments in residential properties at Bowerman Place, Cherrybrook. Investment property situated at Bowerman Place, Cherrybrook is carried at fair value, determined in 2017 by independent valuation. The investment property situated at 97-99 New Line Road, Cherrybrook was transferred to property, plant and equipment as part of land and buildings during the year, as the club have now brought this land into use as part of their new car park.</p>		
Core and non core properties		
<p>Pursuant to Section 41J of the Registered Clubs Act 1976 ("the Act") the members approved and agreed to classify the following properties as core or non core as defined by the Act:</p>		
<p>- Core property is specified as the club house, bowling greens and property contained in the consolidated land title under which these areas are held on 103 - 109 New Line Road, West Pennant Hills. These are classified as property, plant and equipment in the balance sheet.</p>		
<p>- Non core properties are specified as the residential house owned by the club being 20 Bowerman Place, Cherrybrook and the employee car park at 97-99 New Line Road, West Pennant Hills. 97-99 New Line Road has been classified as none core property on the basis it does not comprise the defined premises of the Club and is not provided by the Club for the use of its members and their guests.</p>		
10 Intangible Assets		
Poker machine entitlements at cost	1,668,045	1,668,045
11 Borrowings		
CURRENT		
Secured liabilities:		
Finance lease obligation	413,495	599,347
NON-CURRENT		
Secured liabilities:		
Commercial bill facility	4,429,218	4,272,209
Finance lease obligation	120,051	530,578
Bank loans	420,000	480,000
	<u>4,969,269</u>	<u>5,282,787</u>

The bank debt is secured by a registered mortgage over properties located at 97-99 and 103 New Line Road and 20 Bowerman Place Cherrybrook NSW 2126. Lease liabilities are secured by the underlying leased assets.

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
12 Trade and other payables		
CURRENT		
Trade creditors	295,260	229,622
Accrued expenses	292,177	288,333
	<u>587,437</u>	<u>517,955</u>
(a). Loan facilities		
Loan facilities	5,335,000	9,060,000
Credit Cards	20,000	20,000
	<u>5,355,000</u>	<u>9,080,000</u>
The major facilities are summarised as follows:		
Balance unused at reporting date	<u>160,782</u>	<u>4,307,791</u>
13 Provisions		
CURRENT		
Provision for Annual Leave	183,469	166,897
Provision for Long Service Leave	113,779	51,345
	<u>297,248</u>	<u>218,242</u>
NON-CURRENT		
Provision for Long Service Leave	<u>15,303</u>	<u>51,481</u>
Provision for Short-Term Employee Entitlements		
A provision has been recognised for employee benefits relating to long service leave, annual leave. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.		
Provision for Long-Term Employee Entitlements		
A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.		
14 Reserves		
Asset revaluation reserve	<u>7,388,316</u>	<u>7,388,316</u>

The asset revaluation reserve records realised gains on revaluation of property, plant and equipment recorded at fair value.

Notes to the Financial Statements

For the Year Ended 30 June 2018

		2018	2017
		\$	\$
15 Leasing Commitments			
(a). Finance lease commitments			
Payable - minimum lease payments:			
- not later than 1 year	11	413,495	599,347
- between one year and five years	11	120,051	530,578
		<u>533,546</u>	<u>1,129,925</u>
(b). Contracted Commitments			
Contracted commitments for:			
Alleasing - equipment rental		148,489	445,467
		<u>148,489</u>	<u>445,467</u>

At year end the Club has not entered into any contractual agreements for the completion of Master Plan Stage 1B.

16 Financial Risk Management

The main risks West Pennant Hills Sports Club is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Club's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts and leases.

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

Financial Assets

Cash and cash equivalents		513,951	402,776
Trade and other receivables		21,183	25,228
Financial assets at fair value through profit or loss			
Term deposits		3,051,146	4,426,034
Unlisted shares		500	500
Total financial assets		<u>3,586,780</u>	<u>4,854,538</u>

Financial Liabilities

Financial liabilities at amortised cost			
Trade and other payables		587,437	517,955
Borrowings		5,382,764	5,882,134
Total financial liabilities		<u>5,970,201</u>	<u>6,400,089</u>

17 Interest of Key Management Personnel

The total remuneration paid to key management personnel of the Club is \$ 527,453 (2017: \$ 497,139).

West Pennant Hills Sports Club

ABN: 50 000 609 450

Notes to the Financial Statements

For the Year Ended 30 June 2018

18 Related Party Transactions

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

During the year one of the directors, Stephen Watson, rented Investment property situated at 20 Bowerman Place from the Club at a cost of \$32,218 (2017: \$35,457). The property was let through an independent agent on commercial terms and conditions no more favourable than those available to other parties.

19 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Club did not have any contingencies at 30 June 2018 (30 June 2017: None)

20 Members' Guarantee

The Club is limited by guarantee. If the Club is wound up, the Constitution states that each member is required to contribute a maximum of \$2. At 30 June 2018 the number of members was 10,090 (2017: 9,174).

21 Events Occurring After the Reporting Date

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

22 Company Details

The registered office of the company is:

West Pennant Hills Sports Club
103 New Line Road
Cherrybrook NSW 2125

West Pennant Hills Sports Club

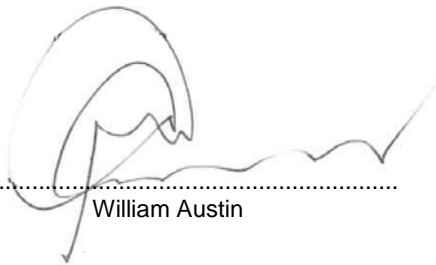
ABN: 50 000 609 450


Directors' Declaration

The directors of the Club declare that:

- 1. The financial statements and notes, as set out on pages 6 to 21 are in accordance with the *Corporations Act 2001* and:
 - a. comply with 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 Club.
- 2. In the directors' opinion, there are reasonable grounds to believe that the Club 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:

William Austin

Director:

Raymond Newton

Dated: 9 October 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WEST PENNANT HILLS SPORTS CLUB

Report on the Financial Report

Opinion

We have audited the financial report of West Pennant Hills Sports Club (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 - Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of 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.

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



PKF



SCOTT TOBUTT
PARTNER

9 OCTOBER 2018
SYDNEY, NSW