FRATERNITY BOWLING AND RECREATION CLUB LIMITED

ABN: 56 001 005 545

Financial Report For The Year Ended 30 June 2018

Fraternity Bowling and Recreation Club Limited

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Financial Report For The Year Ended 30 June 2018

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DIRECTORS' REPORT

Your directors present their report on the company 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:

Name		Occupation
CUDA, Mick	President	Managing Director
SACCO, Concetta	Vice-President	Fraud Officer
SALUCCI, Emilio	Vice-President	Operations Manager
TREVISI, Dario		Service Project Team Leader
APOLLONI, John		Chartered Accountant
AKELE, John		Chartered Accountant
BRESOLIN, Gabriel		Chartered Fellow WHS Coordinator
IANNI, James		Real Estate Agent
FERRARI, Giovanni		Operations Manager

	Board Meetings	
	Number eligible to attend	Number attended
CUDA, Mick	12	12
SACCO, Concetta	12	12
SALUCCI, Emilio	12	10
TREVISI, Dario	12	11
APOLLONI, John	12	10
AKELE, John	12	10
BRESOLIN, Gabriel	12	11
IANNI, James	12	12
FERRARI, Giovanni	12	9

Over the course of the year, The Club Directors attended further special meetings of a formal and informal nature to assist in carrying out their portfolio duties, these meetings included but were not limited to the following areas of importance; Strategy, Financial, Operational, Safety, Cultural and Entertainment.

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

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 company secretary at the end of financial year:
Gregory Field was appointed company secretary on 29 November 2016.

Review of Operations

The profit of the company for the financial year after providing for income tax amounted to $1,115,350.

Principal Activities

The principal activities of the company during the financial year was that of a registered club. No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

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

Future Developments, Prospects and Business Strategies

The club will continue to focus on delivering exceptional product and service in a family friendly customer service oriented environment. The Board will continue to review strategy and work on the governance model to ensure the club meets and exceeds industry best practice parameters.
The club uses industry accepted KPIs to monitor performance in terms of service delivery to members, financial results and liquidity levels.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company with the exception of directors and officers insurance of $4,618 (Inclusive of GST).

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
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DIRECTORS' REPORT

Directors' Entitlements

No director has received or become entitled to receive, during or since the end of financial year, a benefit because of a contract made by the company or a related body corporate with the director, a firm of which a director is a member or an entity in which a director has a substantial financial interest with the exception of:

- Office National Wollongong of which Mick Cuda is a director supplied stationery to the Club:
Total supplies for the year GST inclusive: $20,982 (2017: $8,290).

Members Guarantee

The company is limited by guarantee. If the company is wound up, the articles of association state that each member is required to contribute a maximum of $2 each. At 30 June 2018 the number of members was 13,502 (2017: 13,892) as follows:

- Foundation members	41	- Junior members	2
- Perpetual members	5	- Gold members	130
- Full members	10,279	- Silver members	19
- Associate members	3,026		
		Total members	13,502

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

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 on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director ______________________
Mick Cuda

Director ______________________
John Apolloni

Dated this 3RD day of OCTOBER 2018

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FRATERNITY BOWLING AND RECREATION CLUB LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Name of Firm O'Donnell Hennessy & Co

Name of Partner Karl Taylor

Date 3/10/2018

Address WOLLONGONG

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Sales revenue	2	13,750,216	12,618,721
Other income	2	117,833	151,779
Employee benefits expense		(4,594,384)	(4,030,342)
Cost of goods sold		(2,469,839)	(2,194,918)
Depreciation and amortisation expense		(899,302)	(919,414)
Finance costs	3	(300,973)	(374,018)
Other expenses		(4,488,201)	(4,249,952)
Profit before income tax		1,115,350	1,001,856
Tax (expense) income	4	-	-
Profit for the year		1,115,350	1,001,856
Other comprehensive income:			
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		1,115,350	1,001,856

The accompanying notes form part of these financial statements.

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,732,082	1,598,401
Trade and other receivables	7	35,210	44,846
Inventories	8	170,759	152,191
Other current assets	9	125,020	122,219
TOTAL CURRENT ASSETS		2,063,071	1,917,657
NON-CURRENT ASSETS			
Financial assets	10	10,750	10,750
Property, plant and equipment	11	13,923,607	13,778,610
TOTAL NON-CURRENT ASSETS		13,934,357	13,789,360
TOTAL ASSETS		15,997,428	15,707,017
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	881,739	938,300
Borrowings	13	730,885	904,451
Provisions	14	453,458	404,925
Income in advance		15,010	81,059
TOTAL CURRENT LIABILITIES		2,081,092	2,328,735
NON-CURRENT LIABILITIES			
Borrowings	13	4,914,428	5,521,303
Provisions	14	105,051	75,472
TOTAL NON-CURRENT LIABILITIES		5,019,479	5,596,775
TOTAL LIABILITIES		7,100,571	7,925,510
NET ASSETS		8,896,857	7,781,507
EQUITY			
Reserves	21	6,153,152	6,153,152
Retained earnings		2,743,705	1,628,355
TOTAL EQUITY		8,896,857	7,781,507

The accompanying notes form part of these financial statements.

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Retained Earnings (accumulated losses)	Reserves: Revaluation Surplus	Total
	$	$	$
Balance at 1 July 2016	626,499	6,153,152	6,779,651
Comprehensive income			
Profit for the year	1,001,856	-	1,001,856
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year attributable to members of the entity	1,001,856	-	1,001,856
Balance at 30 June 2017	1,628,355	6,153,152	7,781,507
Balance at 1 July 2017	1,628,355	6,153,152	7,781,507
Comprehensive income			
Profit for the year	1,115,350	-	1,115,350
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year attributable to members of the entity	1,115,350	-	1,115,350
Balance at 30 June 2018	2,743,705	6,153,152	8,896,857

The accompanying notes form part of these financial statements.

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		13,825,864	12,869,887
Payments to suppliers and employees		(11,618,291)	(10,463,608)
Interest received		6,121	4,667
Finance costs		(300,973)	(374,018)
Net cash provided by/(used in) operating activities	17(a)	1,912,721	2,036,928
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		66,460	-
Purchase of property, plant and equipment		(1,065,059)	(651,147)
Net cash provided by/(used in) investing activities		(998,599)	(651,147)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		153,078	-
Repayment of borrowings		(933,519)	(710,128)
Net cash provided by/(used in) financing activities		(780,441)	(710,128)
Net increase/(decrease) in cash held		133,681	675,653
Cash and cash equivalents at beginning of financial year		1,598,401	922,748
Cash and cash equivalents at end of financial year	6	1,732,082	1,598,401

The accompanying notes form part of these financial statements.

These financial statements and notes represent Fraternity Bowling and Recreation Club Limited. Fraternity Bowling and Recreation Club Limited is a company limited by guarantees, incorporated and domiciled in Australia.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a not- for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Fair Value of Assets and Liabilities

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

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

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

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

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

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

(c) Inventories

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

(d) Property, Plant and Equipment

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

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are charge to the statement of profit or loss.

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.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

The cost of fixed assets constructed includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Plant and equipment	10-100%
Poker machines	40%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Leases

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

Finance leases are capitalised by recording an asset and a liability at the lower of 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.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

(f) Financial Instruments

Initial Recognition and Measurement

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 date that the entity commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised as expenses in profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

The Company does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments. Accordingly, such interests are accounted for on a cost basis in the parent's separate financial statements.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are contingent consideration that may be paid by an acquirer as part of a business combination to which AASB 3: Business Combinations applies, held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss.

The net gain or loss recognised in profit and loss includes any dividend or interest earned of the financial asset and is included in other gains and losses of the face of the statement of profit and loss and other comprehensive income.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies is classified as a financial liability and measured at fair value through profit or loss.

Impairment of non-financial assets

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for shares classified as available-for-sale. For all other financial assets, including redeemable notes classified as available-for-sale and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets that are carried at cost, the amount of the impairment 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 current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

At the end of each reporting period the company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired (other than financial assets classified as at fair value through profit or loss).

Financial Guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract issued by a group entity are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If theCompany retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(g) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

All employees of the Company receive defined contribution superannuation entitlements, for which the Company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Company's statement of financial position.

(i) Provisions

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

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(k) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting. The carrying amount of the investment in the associate must be decreased by the amount of dividends received or receivable from the associate.

Revenue relating to construction activities is detailed at Note 1(f).

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

(l) Trade and Other Receivables

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

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

(m) Trade and Other Payables

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

Trade and other payables are initially measured their fair value and subsequently measured at amortised cost using the effective interest method.

(n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(o) Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(p) Comparative Figures

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

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

(q) Critical Accounting Estimates and Judgements

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

Key estimates

(i) *Impairment*

The company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements

(i) *Employee benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the following 12-month period, obligations for annual leave entitlements are classified under AASB 119 as other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

(ii) *Provision for impairment of receivables*

No provision for impairment has been made.

(iii) *Poker machine licences*

The entity holds poker machine licences either acquired through a past business combination or granted at no consideration by the NSW government. AIFRS requires that licences outside of a pre AIFRS transaction business combination be recognised initially at its fair value as at the date it was granted with a corresponding adjustment to the profit and loss to recognise the grant immediately as income. Prior to new gaming legislation taking effect in April 2002 allowing poker machine licences to be traded for the first time, the entity has determined that fair value at grant date for licences granted pre April 2002 was zero. Should licences be granted to the entity post April 2002 they will be initially recognised at fair value. The entity has determined that the market for poker machine licences does not meet the definition of an active market and consequently licences recognised will not be revalued each year.

(r) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

— AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The Company has established a AASB 9 project team and is in the process of completing its impact assessment of AASB 9. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 9 are not expected to have a material effect on the Company.

— AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

— identify the contract(s) with a customer;
— identify the performance obligations in the contract(s);
— determine the transaction price;
— allocate the transaction price to the performance obligations in the contract(s); and
— recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements.

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Company has established a AASB 15 project team and is in the process of completing its impact assessment of AASB 15. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 15 are not expected to have a material effect on the Company.

— AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Company has established a AASB 16 project team and is in the process of completing its impact assessment of AASB 16. Based on a preliminary assessment performed over each line of business and product type, the effect of AASB 16 is not expected to have a material effect on the Company. It is impracticable at this stage to provide a reasonable estimate of such impact.

Note 2 Revenue and Other Income

	2018 $	2017 $
Sales revenue:		
— Bar sales	1,850,941	1,611,536
— Food & catering sales	4,699,997	4,152,893
— Poker machine revenue	6,245,876	5,954,293
— Members subscriptions	86,247	38,351
— Social and entertainment income	547,923	545,202
— Bowlers and sports income	40,646	41,245
— Commission & rebate income	272,465	270,534
Total sales revenue	13,744,095	12,614,054
Other revenue:		
— interest received		
— other persons	6,121	4,667
Total other revenue	6,121	4,667
Total sales revenue and other revenue	13,750,216	12,618,721
Other income:		
— gain on disposal of property, plant and equipment	45,700	-
— rental income	51,998	55,068
— poker Machine GST compensation	17,180	17,180
— insurance proceeds	-	79,080
— other income	2,955	451
Total other income	117,833	151,779

Note 3 Profit before Income Tax

	2018 $	2017 $
Expenses		
Cost of sales	2,469,839	2,194,918
Interest expense on financial liabilities not at fair value through profit or loss:		
— external entities	300,973	374,018
Total finance costs	300,973	374,018
Employee benefits expense	4,594,384	4,030,342
Other expenses:		
— Poker machine tax	1,222,740	1,148,879
— Advertising & promotional expenses	505,779	502,727
— Donations	187,981	182,482
— Maintenance costs	246,351	215,667
— Entertainment expenses	607,464	729,470
— Members expenses	17,126	20,557
— Administration costs	1,285,367	1,075,964
— Bar indirect expenses	10,958	9,477
— Catering indirect expenses	113,524	72,549
— Gaming indirect expenses	290,911	285,824
— Loss on disposal of property, plant and equipment	-	6,356
Total other expenses	4,488,201	4,249,952

Note 4 Income Tax Expense

	2018 $	2017 $
The club pays tax on income derived other than from members. The club has accumulated tax losses. The income tax position is as follows:		
Future income tax benefits not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur:		
— tax losses prior years	54,105	40,517
— current year (income tax gain)/tax loss	32,188	14,232
— timing differences	2,019	(644)
	88,312	54,105

Note 5 Key Management Personnel Compensation

CUDA, Mick	Director (No remuneration)
APOLLONI, John	Director (No remuneration)
SALUCCI, Emilio	Director (honorarium)
TREVISI, Dario	Director (honorarium)
SACCO, Concetta	Director (honorarium)
AKELE, John	Director (honorarium)
BRESOLIN, Gabriel	Director (honorarium)
IANNI, James	Director (honorarium)
FERRARI, Giovanni	Director (No remuneration)
FIELD, Greg	Secretary/General Manager (Remunerated)

The totals of remuneration paid to key management personnel (KMP) of the Company during the year are as follows:

	2018	2017
	$	$
Key management personnel compensation	168,313	326,507
	168,313	326,507

Other KMP Transactions

For details of other transactions with KMP, refer to Note 19: Related Party Transactions.

Note 6 Cash and Cash Equivalents

	2018	2017
CURRENT	$	$
Cash at bank and on hand	1,457,082	1,353,401
Cash on hand	275,000	245,000
	1,732,082	1,598,401

The funding of $509,117 was held for exclusive coverage of employee entitlements only as at 30th June 2018.

Note 7 Trade and Other Receivables

	2018	2017
	$	$
CURRENT		
Trade receivables	18,030	20,166
Other receivables	17,180	24,680
Total current trade and other receivables	35,210	44,846

Note 8 Inventories

	2018	2017
	$	$
CURRENT		
Stock on hand	170,759	152,191
	170,759	152,191

Note 9 Other Assets

	2018	2017
	$	$
CURRENT		
Prepayments	125,020	122,219
	125,020	122,219

Note 10 Financial Assets

	Note	2018	2017
		$	$
NON-CURRENT			
Available-for-sale financial assets	10(a)	10,000	10,000
Other Investments	10(b)	750	750
Total Non-current Assets		10,750	10,750

(a) **Available-for-sale financial assets**

	2018	2017
Listed investments, at fair value:		
— shares in listed corporations	10,000	10,000
Total available-for-sale financial assets	10,000	10,000

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments. No intention to dispose of any unlisted available-for-sale financial assets existed at 30 June 2018.

(b) **Other investments**

Shares in associates	750	750
	750	750

The company purchased shares from Independent Liquor Group to become a member of ILG and receive the associated benefits. The total paid-up value of the shares is $750.

Note 11 Property, Plant and Equipment

	2018 $	2017 $
LAND AND BUILDINGS		
Freehold land at:		
— independent valuation 2013	687,078	687,078
— Freehold land - at cost	879,530	879,530
— Freehold land 15 Bourke Street - at cost	310,000	310,000
Total land	1,876,608	1,876,608
Buildings at:		
— independent valuation 2013	5,226,876	5,226,876
— at cost	17,101,730	16,545,351
— Reduction in fair market value of land and buildings	(8,088,969)	(8,088,969)
Accumulated depreciation	(4,301,613)	(4,051,036)
Total buildings	9,938,024	9,632,222
Total land and buildings	11,814,632	11,508,830
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	4,073,041	4,103,230
Accumulated depreciation	(2,797,733)	(2,749,849)
	1,275,308	1,353,381
Poker machines		
At cost	3,270,503	3,141,098
Accumulated depreciation	(2,503,822)	(2,308,439)
	766,681	832,659
Motor vehicles		
At cost	21,644	21,644
Accumulated depreciation	(21,455)	(21,400)
	189	244
Utensils & crockery		
At cost	83,496	83,496
Accumulated depreciation	(16,699)	-
	66,797	83,496
Total plant and equipment	2,108,975	2,269,780
Total property, plant and equipment	13,923,607	13,778,610

(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

	Freehold Land $	Buildings $	Plant and Equipment, Poker Machines and Motor Vehicles $	Total $
Balance at 1 July 2016	1,876,608	9,822,795	2,353,830	14,053,233
Additions	-	56,114	591,307	647,421
Disposals - written down value	-	-	(5,714)	(5,714)
Depreciation expense	-	(246,687)	(669,643)	(916,330)
Carrying amount at 30 June 2017	1,876,608	9,632,222	2,269,780	13,778,610
Additions	-	556,379	508,680	1,065,059
Disposals - written down value	-	-	(23,963)	(23,963)
Depreciation expense	-	(250,577)	(645,522)	(896,099)
Carrying amount at 30 June 2018	1,876,608	9,938,024	2,108,975	13,923,607

(b) Asset revaluations

Buildings

Land and buildings are carried in the balance sheet at fair value less accumulated impairments and applicable depreciation.

Land and buildings were independently valued on 3 June 2013 at a fair current market value of $10,675,800 by Gregory M. Jones (Certified Practising Valuer) of Robertson & Robertson.

Note 12 Trade and Other Payables

	2018 $	2017 $
CURRENT		
Unsecured liabilities		
Trade payables	257,781	98,458
Sundry payables and accrued expenses	370,087	351,225
GST payables	222,411	217,745
Gaming machines payable	31,460	270,872
	881,739	938,300

Note 13 Borrowings

	Note	2018 $	2017 $
CURRENT			
Lease liability secured	13(d), 15	26,316	-
Unsecured loans	13(e), 15	31,937	-
Finance loan secured - CBA Loan	13(b), 15	600,000	600,000
CBA business loan	13(c), 15	72,632	304,451
Total current borrowings		730,885	904,451
NON-CURRENT			
Lease liability secured	13(d), 15	14,428	-
Finance loan secured - CBA Loan	13(b), 15	4,900,000	5,500,000
CBA business loan		-	21,303
Total non-current borrowings		4,914,428	5,521,303
Total borrowings		5,645,313	6,425,754
(a) The carrying amounts of non-current assets pledged as security are:			
Freehold land and buildings	11	11,814,632	11,508,830
Floating charge			
— trade receivables	7	18,030	20,166
		11,832,662	11,528,996

(b) As at 29th November 2016, Commonwealth bank of Australian approved a change to the terms of club's lending facility. The current facility limit is $6,400,000. The term of the facility is 3 years terminates on 02/12/2019 and the repayments are $150,000 per quarter by 11 quarters in total leaving a residual loan balance of $4,750,000. The residual loan balance is subject to be refinanced on 02/12/2019. No commitment is given or implied that Commonwealth Bank of Australia will refinance the residual balance at the facility maturity date.

(c) As at 16th July 2015, Commonwealth bank of Australian approved a better business loan with facility amount up to $500,000 to assist with the purchase and installation of a new air conditioning system for the club. The term of the facility is 3 years terminates on 31/07/2018. The repayment arrangements are interest only repayments for 1 year to be followed by Principal and Interest repayment for the remaining term of the facility.

(d) The company has financed through an equipment loan. Total loan was $50,171 with interest payable of $2,460. The company is liable to pay $2,192.97 per month for 24 months starting on 06/03/2018. The loan was secured under first registered charge over the goods.

(e) The company has financed through Hunter Premium funding to repay insurance premium. Total loan was $102,907 with interest payable of $3,550. The company is liable to pay $10,722.76 per month for 10 months. First instalment started on 30/11/2017.

The above loans were secured under First Registered Mortgage by The Fraternity Bowling and Recreation Club Ltd over Non Residential Real Property located at 11 Bourke St Fairy Meadow NSW 2519.

Note 14 Provisions

Analysis of Provisions

	2018	2017
CURRENT		
Employee Benefits	$	$
Provision for annual & RDO leave	353,100	318,523
Provision for long service leave	100,358	86,402
Total current provisions	453,458	404,925
NON-CURRENT		
Employee Benefits		
Provision for long service leave	105,051	75,472
Total non-current provisions	105,051	75,472

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 15 Capital and Leasing Commitments

	Note	2018 $	2017 $
(a) Finance Lease Commitments			
Payable — minimum lease payments			
— not later than 12 months		26,316	-
— between 12 months and five years		16,158	-
Minimum lease payments		42,474	-
Less future finance charges		(1,730)	-
Present value of minimum lease payments	13	40,744	-

The company has financed through an equipment loan. Total loan was $50,171 with interest payable of $2,460. The company is liable to pay $2,192.97 per month for 24 months starting on 06/03/2018. The loan was secured under first registered charge over the goods.

Note 16 Contingent Liabilities and Contingent Assets

(a) The Company has outstanding security deposit guarantees of $5,000 as at 30 June 2018 (2017: $5,000).

Note 17 Cash Flow Information

	2018 $	2017 $
(a) Reconciliation of cash flows from operating activities with profit after income tax		
Net profit	1,115,350	1,001,856
Non-cash flows in profit		
— depreciation	899,302	919,414
— net profit/(loss) on disposal of property, plant and equipment	(45,700)	6,356
Changes in assets and liabilities:		
— (increase)/decrease in trade and term debtors	9,636	104,054
— (increase)/decrease in other assets	(2,801)	130,938
— (increase)/decrease in inventories	(18,568)	2,933
— increase/(decrease) in trade and other creditors	(56,561)	(102,115)
— increase/(decrease) in income in advance	(66,049)	20,886
— increase/(decrease) in provisions	78,112	(47,394)
Net cash provided by operating activities	1,912,721	2,036,928

Note 18 Events After the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

Note 19 Related Party Transactions

The Company's main related parties are as follows:

(a) Key Management Personnel:

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

For details of disclosures relating to key management personnel, refer to Note 5: Key Management Personnel Compensation.

(b) Transactions with related parties:

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

The following transactions occurred with related parties:

	2018 $	2017 $
i. Purchase of goods and services		
Other Related Parties:		
Office National Wollongong (Mick Cuda)	20,982	8,290

Note 20 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills, leases, preference shares, and derivatives.

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:

	Note	2018 $	2017 $
Financial Assets			
Cash and cash equivalents	6	1,732,082	1,598,401
Loans and receivables	7	35,210	44,846
Available-for-sale financial assets:			
— at fair value			
— listed investments	10(a)	10,000	10,000
		10,000	10,000
Total Financial Assets		1,777,292	1,653,247
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	12	881,739	938,300
— Borrowings	13	5,645,313	6,425,754
Total Financial Liabilities		6,527,052	7,364,054

Note 21 Reserves

a. **Revaluation Surplus**

The revaluation surplus records revaluations of non-current assets. Under certain circumstances, dividends can be declared from this reserve.

Note 22 Segment Reporting

The company operates in one industry, the principal activity being that of a licensed club providing gaming bar, dining and entertainment facilities for members and their guests. It derives its income from one geographic location, i.e. Fairy Meadow.

Note 23 Members Guarantee

The company is limited by guarantee. If the company is wound up, the articles of association state that each members is required to contribute a maximum of $2.00 each. At 30th June 2018 the number of members was 13,502 (2017: 13,892).

Note 24 Additional Information Required Under the Registered Clubs Act 1976

Pursuant to Section 41J (2) of the Registered Clubs Act for the financial year ended 30 June 2018:

The following property is core property of the Club;
(i) Licensed physical premises and land to the North, South and East of the club building at 11 Bourke Street, Fairy Meadow.

The following property is non-core property of the Club;
(i) The club's main carpark to the West of the club building at 11 Bourke Street, Fairy Meadow.

Note 25 Company Details

The registered office of the company is:

Fraternity Bowling and Recreation Club Limited
11 Bourke Street, Fairy Meadow NSW 2519

The principal place of business is:

Fraternity Bowling and Recreation Club Limited
11 Bourke Street, Fairy Meadow NSW 2519

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Fraternity Bowling and Recreation Club Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 22, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and

   (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the company.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director ______________________________
Mick Cuda

Director ______________________________
John Apolloni

Dated this 3RD day of OCTOBER 2018

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRATERNITY BOWLING AND RECREATION CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Fraternity Bowling and Recreation Club Limited (the company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

the accompanying financial report of Fraternity Bowling and Recreation 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 2018 and of its financial performance for the year then 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 Fraternity Bowling and Recreation Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - 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.

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRATERNITY BOWLING AND RECREATION CLUB LIMITED

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

Auditor's name and signature: Karl Taylor

Name of firm: O'Donnell Hennessy & Co

Address: WOLLONGONG

Dated this 3rd day of October 2018