

# **Murwillumbah Golf Club Limited**

ABN 80 001 034 813

**Financial Report**

**For the Year Ended 30 June 2019**

# Murwillumbah Golf Club Limited

ABN 80 001 034 813

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For the Year Ended 30 June 2019

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## Murwillumbah Golf Club Limited

ABN 80 001 034 813

### Directors' Report For the Year Ended 30 June 2019

The directors present their report together with the financial statements of Murwillumbah Golf Club Limited ("the Company") for the financial year ended 30 June 2019.

#### Information on directors

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

Keith F O'Grady	(Resigned 18 November 2018)
Experience	General Manager Williams Group Australia Pty Ltd, Director 23 years
Special responsibilities	Chairman & Ex. Official member of all Committees

Marilyn Parkes	
Experience	Director 9 years, Retired
Special responsibilities	Member Finance Committee

Graham Nelson	
Experience	Director 7 years, Retired
Special responsibilities	Captain, Chairman Match Committee

Neil Fogo	
Experience	Director 8 years
Special responsibilities	Member Finance Committee and Greens Committee

Wayne Kendrigan	
Experience	Accountant, Director 8 years
Special responsibilities	Chairman Finance Committee

Warren D Colefax	
Experience	Director 14 years, Retired
Special responsibilities	Chairman Greens Committee

Graham Rosenbaum	
Experience	Director 6 years, Retired School Teacher
Special responsibilities	Chairman & Ex. Officio member of all Committees

Ian Campbell	
Experience	Director 4 years, Retired Police Officer, Farmer
Special responsibilities	Chairman House Committee

Andrew Moore	
Experience	Director 3 years, Business Owner
Special responsibilities	Member Match Committee

Shannon Murnane	(Appointed 18 November 2018)
Experience	Director, Structural Drafter
Special responsibilities	Member Match Committee

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

# Murwillumbah Golf Club Limited

ABN 80 001 034 813

## Directors' Report For the Year Ended 30 June 2019

### Objectives and Strategies

#### Objectives:

The short and long term objectives of the Murwillumbah Golf Club Limited are to ensure that the Company's financial position remains sound for both the short and long term, ensuring that members and patrons can enjoy their club for many years to come.

#### Strategy:

The strategy that the Company employs to achieve those objectives is to:

- Carefully monitor income and expenditure to improve operating profit;
- Introduce new ideas that will attract more people to the club and improve income streams;
- Continually strive towards improving amenities and facilities for Members and Patrons.

### Principal activities

The principal activity of the Company during the financial year remained unchanged and were the provision of sporting and social activities for members.

These principal activities assisted in achieving the Company's objectives by providing the best facilities and by continually looking at ways to attract participants to both sporting and social activities. This has provided the Company with an excellent source of income so the Company can continue to make improvements and remain viable into the future. The Company has to ensure that it continues to provide a quality venue for members and visitors to enjoy the facilities both socially and through the game of golf. The Company has promoted its facilities to sporting organisations and visitors in New South Wales and Queensland.

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

### Operating Results

The operating profit made by the Company during the financial year was \$248,710 (2018: profit of \$187,323). This was made up of the following:

	2019	2018
	\$	\$
Parent Club Operating Profit / (Loss)	242,616	182,127
Murwillumbah Veterans Net Profit / (Loss)	2,939	(6,456)
Women's Golf Net Profit / (Loss)	3,155	11,652
<b>Net Profit for Current Year</b>	<b>248,710</b>	<b>187,323</b>

No income tax is payable thereon.

## Murwillumbah Golf Club Limited

ABN 80 001 034 813

### Directors' Report For the Year Ended 30 June 2019

#### Review of Operations

The financial operations of the Company during the year are summarised as follows:

	2019 \$	2018 \$
<b>Bar Trading:</b>		
Sales	986,055	911,233
Gross profit	628,478	565,008
Gross profit percentage	63.74 %	62.00 %
Net profit	305,892	269,518
Net profit percentage	31.02 %	29.58 %
<b>Poker Machines:</b>		
Revenue	722,011	732,964
Less: Expenses	(168,245)	(159,984)
	553,766	572,980
Other revenue and income	1,922,301	1,651,029
Total revenue and other income	3,630,367	3,295,226
Less: Total expenses	(3,381,657)	(3,107,903)
<b>Profit/(loss) from continuing operations</b>	<b>248,710</b>	<b>187,323</b>

#### Members guarantee

Murwillumbah Golf Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member is limited to \$1, subject to the provisions of the Company's constitution.

The number of members as at 30 June 2019 is 2,500 (2018: 2,044). At 30 June 2019 the collective liability of members was \$2,500 (2018: \$2,044).

#### Core/ Non-Core Property

Directors advise that Core Property, as defined by section 41J of the *Registered Clubs Act (1976)*, is the real property owned and occupied by Murwillumbah Golf Club Limited comprising the defined premises of the club being the clubhouse, golf shop, and golf course sheds; the golf course and its environs and any facility provided by the club for the use of its members and their guests but specifically excluding the cottage currently leased. The property at 231 Byangum Road, Murwillumbah is declared non-core property.





**Thomas Noble & Russell**  
Accountants | Auditors | Business Advisers

**AUDITOR'S INDEPENDENCE DECLARATION**


As lead auditor for the audit of the financial report of Murwillumbah Golf Club Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Dated at Lismore this 21<sup>st</sup> day of September 2019.

**THOMAS NOBLE & RUSSELL**  
**CHARTERED ACCOUNTANTS**

Per:

  
G W DWYER (Partner)  
Registered Company Auditor

## Murwillumbah Golf Club Limited

ABN 80 001 034 813

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

		2019	2018
	Note	\$	\$
Revenue	5	3,562,939	3,295,226
Other income	5	67,428	-
Expenses	6	(3,352,832)	(3,078,868)
Finance costs		(28,825)	(29,035)
<b>Profit before income tax</b>		<b>248,710</b>	<b>187,323</b>
Income tax expense	3(c)	-	-
<b>Profit for the year</b>		<b>248,710</b>	<b>187,323</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met		-	-
<b>Total comprehensive income for the year</b>		<b>248,710</b>	<b>187,323</b>

The accompanying notes form part of these financial statements.



# Murwillumbah Golf Club Limited

ABN 80 001 034 813

## Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	289,979	260,224
Trade and other receivables	8	10,908	12,283
Inventories	9	104,122	100,416
Other assets	10	13,780	11,161
<b>TOTAL CURRENT ASSETS</b>		<b>418,789</b>	<b>384,084</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	5,478,565	5,298,260
Intangible assets	12	220,000	220,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,698,565</b>	<b>5,518,260</b>
<b>TOTAL ASSETS</b>		<b>6,117,354</b>	<b>5,902,344</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	216,237	126,972
Borrowings	14	55,393	508,134
Employee benefits	15	195,867	171,735
Other liabilities	16	502,486	528,075
<b>TOTAL CURRENT LIABILITIES</b>		<b>969,983</b>	<b>1,334,916</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	350,550	37,885
Employee benefits	15	43,303	24,735
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>393,853</b>	<b>62,620</b>
<b>TOTAL LIABILITIES</b>		<b>1,363,836</b>	<b>1,397,536</b>
<b>NET ASSETS</b>		<b>4,753,518</b>	<b>4,504,808</b>
<b>EQUITY</b>			
Reserves	17	2,226,489	2,226,489
Retained earnings		2,527,029	2,278,319
<b>TOTAL EQUITY</b>		<b>4,753,518</b>	<b>4,504,808</b>

The accompanying notes form part of these financial statements.

## Murwillumbah Golf Club Limited

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### Statement of Changes in Equity For the Year Ended 30 June 2019

2019

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2018	2,278,319	2,226,489	4,504,808
Net profit/(loss) for the year	248,710	-	248,710
Balance at 30 June 2019	2,527,029	2,226,489	4,753,518

2018

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2017	2,090,996	2,226,489	4,317,485
Net profit/(loss) for the year	187,323	-	187,323
Balance at 30 June 2018	2,278,319	2,226,489	4,504,808

The accompanying notes form part of these financial statements.

**Murwillumbah Golf Club Limited**

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**Statement of Cash Flows**  
**For the Year Ended 30 June 2019**

	2019	2018
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	3,554,056	3,314,781
Payments to suppliers and employees	(2,758,047)	(2,660,742)
Interest paid	(28,825)	(29,035)
<b>Net cash provided by operating activities</b>	<b>767,184</b>	<b>625,004</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property, plant and equipment	6,364	2,729
Purchase of property, plant and equipment	(324,673)	(780,332)
<b>Net cash used in investing activities</b>	<b>(318,309)</b>	<b>(777,603)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	-	200,000
Repayment of borrowings	(350,000)	-
Net proceeds from/(repayment of) finance lease liabilities	(69,120)	(42,491)
<b>Net cash provided by/(used in) financing activities</b>	<b>(419,120)</b>	<b>157,509</b>
Net increase/(decrease) in cash and cash equivalents held	29,755	4,910
Cash and cash equivalents at beginning of year	260,224	255,314
<b>Cash and cash equivalents at end of financial year</b>	<b>289,979</b>	<b>260,224</b>

The accompanying notes form part of these financial statements.

## Murwillumbah Golf Club Limited

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# Notes to the Financial Statements

## For the Year Ended 30 June 2019

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

The functional and presentation currency of Murwillumbah Golf Club Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

#### Going Concern

Whilst current liabilities exceed current assets by \$551,194 as at 30 June 2019, the financial statements have been prepared on a going concern basis.

The Directors consider the going concern basis appropriate due to the following:

- strong operating profits and cash flows have been achieved in recent years and are predicted to continue into the future;
- current long service leave entitlements are not expected to be settled in 2019/2020; and
- current borrowing facilities of \$800,000 (\$700,000 undrawn at 30 June 2019) were renewed during the year for another three (3) years to March 2022.

### 2 Change in Accounting Policy

#### Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 with a date of initial application of 1 July 2018. As a result, the Company has changed its financial instruments accounting policies as detailed in this note.

Considering the initial application of AASB 9 during the financial period, financial statement line items have been affected for the current and prior period. The following tables summarise the adjustments made to the affected financial statement line items.

The Company applied AASB 9 (as revised in July 2014) and the related consequential amendments to other Australian Accounting Standards. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment.

The Company determined the existing financial assets as at 1 July 2018 based on the facts and circumstances that were present and determined that the initial application of AASB 9 had the following effect:

- financial assets as held-to-maturity and loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 2 Change in Accounting Policy

##### Financial Instruments - Adoption of AASB 9

###### *Impairment*

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous Standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the Company to account for expected credit losses since initial recognition.

If the credit risk on a financial instrument did not show significant change since initial recognition, an expected credit loss amount equal to the 12-month expected credit loss is used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

A simple approach is followed in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

The Company reviewed and assessed the existing financial assets on 1 July 2018. The assessment was done to test the impairment of these financial assets using reasonable and supportable information that was available to determine the credit risk of the respective items at the date they were initially recognised. The assessment was compared to the credit risk as at 1 July 2017 and 1 July 2018. The assessment was done without undue cost or effort in accordance with AASB 9.

Financial assets to which the impairment provisions apply	Note	Attributes of credit risk	Loss allowance recognised	
			1 July 2017	1 July 2018
Trade and other receivables	8	The Company uses the simplified approach and recognises lifetime expected credit loss.	-	-

###### *Classification and measurement of financial liabilities*

The application of AASB 9 has had no impact on the classification and measurement of the Company's financial liabilities.

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 July 2018.

Murwillumbah Golf Club Limited

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**Notes to the Financial Statements**  
For the Year Ended 30 June 2019

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

	Financial Instrument Category		Carrying Amount		
	AASB 139 Original	AASB 9 New	AASB 139 Original	AASB 9 - Recognition of additional loss allowance	AASB 9 New
			\$	\$	\$
<b>Financial assets</b>					
<b>Current and non-current</b>					
Cash and cash equivalents	Loans and receivables (amortised cost)	Financial assets at amortised cost	260,224	-	260,224
Trade and other receivables	Loans and receivables (amortised cost)	Financial assets at amortised cost	12,283	-	12,283
<b>Financial liabilities</b>					
<b>Current and non-current</b>					
Trade and other payables	Amortised cost	Financial liabilities at amortised cost	126,972	-	126,972
Borrowings	Amortised cost Financial liabilities at amortised cost	Financial liabilities at amortised cost	546,019	-	546,019

The following summary indicates the reclassification of financial assets and liabilities due to the AASB 9 transition:

Financial assets	Note	Carrying Amount Under AASB 139	Reclassification	Remeasurement	Carrying Amount under AASB 9	Retained Earnings Adjustment
		30 June 2018			1 July 2018	1 July 2018
		\$	\$	\$	\$	\$
<b>Amortised costs</b>						
<b>Reclassified from:</b>						
Loans and receivables	(i)	272,507	(272,507)	-	-	-
<b>Allocated to:</b>						
Reclassification per classification criteria - financial assets at amortised cost (AASB 9)			272,507	-	272,507	-
<b>Total</b>		272,507	-	-	272,507	-
<b>Total financial asset balances reclassifications and remeasurements at 1 July 2018</b>		272,507	-	-	272,507	-
<b>Financial liabilities</b>						
<b>Amortised costs</b>						
<b>Reclassified from:</b>						
Amortised cost (AASB 139)	(ii)	672,991	(672,991)	-	-	-
<b>Allocated to:</b>						
Amortised cost (AASB 9)		-	672,991	-	672,991	-
<b>Total</b>		672,991	-	-	672,991	-
<b>Total financial liabilities balances reclassifications and remeasurements at 1 July 2018</b>		672,991	-	-	672,991	-

Items (i) to (ii) have been reclassified as a result of the initial adoption of the new AASB 9 *Financial Instruments*.

## Murwillumbah Golf Club Limited

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# Notes to the Financial Statements

## For the Year Ended 30 June 2019

### 2 Change in Accounting Policy

#### Financial Instruments - Adoption of AASB 9

The application of these changes in accounting policies had no impact on the cash flows of the Company.

### 3 Summary of Significant Accounting Policies

#### (a) Revenue

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

#### Financial assistance

Financial assistance received is recognised at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

#### Sale of goods

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

#### Interest revenue

Interest is recognised using the effective interest method.

#### Rendering of service

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

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

#### (b) Leases

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

## Murwillumbah Golf Club Limited

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### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 3 Summary of Significant Accounting Policies

##### (b) Leases

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.

##### (c) Income Tax

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

##### (d) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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.

##### (e) Financial Instruments

###### Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

###### Classification and subsequent measurement

###### *Financial liabilities*

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.



## Murwillumbah Golf Club Limited

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# Notes to the Financial Statements

## For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### (e) Financial Instruments

##### Classification and subsequent measurement

###### *Financial assets*

Financial assets are subsequently measured at amortised cost.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

##### Derecognition

###### *Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

###### *Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

## Murwillumbah Golf Club Limited

ABN 80 001 034 813

### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 3 Summary of Significant Accounting Policies

##### (e) Financial Instruments

###### Impairment

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the simplified approach to impairment, as applicable under AASB 9 *Financial Instruments*.

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to trade receivables which do not contain a significant financing component.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc.).

##### (f) Inventories

Inventories consists of beer, spirits, wines, other sundry bar stock and golf shop stock. Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

##### (g) Property, Plant and Equipment

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

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

###### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line or diminishing value basis over the assets useful life to the Company, commencing when the asset is ready for use. Recent acquisitions are being depreciated by the straight-line basis and all assets will be converted to this method as they are replaced.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

## Murwillumbah Golf Club Limited

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### (g) Property, Plant and Equipment

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

Fixed asset class	Depreciation rate	
	Straight-Line	Diminishing Value
Buildings and Improvements	2.5% - 10%	-
Course Infrastructure	2% - 20%	-
Plant and Equipment	5% - 22.5%	7.5% - 37.5%
Furniture and Fittings	20% - 25%	37.5%
Poker Machines	20% - 25%	37.5%

Crockery, cutlery and glassware are recorded at cost and replacements are charged against the income of that year.

Course infrastructure items of trees, gardens and nursery are recorded at cost and replacements will be charged against the profits of that year.

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

#### (h) Intangibles

##### Poker Machine Entitlements

Poker machine entitlements were granted to the Company by the NSW government prior to 1 July 2004. Poker machine entitlements have been recognised in the statement of financial position at their fair value at 1 July 2004 which has been deemed to be their cost. Subsequent acquisitions of poker machine entitlements are recognised at cost.

Poker machine entitlements are assessed as being intangible assets with an indefinite useful life and have not been amortised. Poker machine entitlements are carried at cost in the statement of financial position and are subject to an annual impairment test.

#### (i) Impairment

At the end of each reporting period the Company determines whether there is any evidence of impairment for its non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

## Murwillumbah Golf Club Limited

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### (i) Impairment

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Company, if deprived of the asset, would replace its remaining future economic benefits, value in use shall be determined at the depreciated replacement cost of the asset.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

#### (j) 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.

#### (k) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Company 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.

#### (l) 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.

#### (m) 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.

## **Murwillumbah Golf Club Limited**

ABN 80 001 034 813

### **Notes to the Financial Statements For the Year Ended 30 June 2019**

#### **3 Summary of Significant Accounting Policies**

##### **(m) Goods and Services Tax (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.

##### **(n) Adoption of New and Revised Accounting Standards**

The Company has adopted all standards which became effective for the first time at 1 July 2018. The adoption of these standards has had no impact on the reporting financial position, performance or cash flow of the Company. Refer to Note 2 for details on changes in accounting policies due to the adoption of AASB 9.

#### **4 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 directors have not made any significant accounting estimates or judgements which are likely to affect the future results of the Company.

## Murwillumbah Golf Club Limited

ABN 80 001 034 813

### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 5 Revenue and Other Income

	2019	2018
	\$	\$
<b>Operating Revenue</b>		
<b>Sales of goods</b>		
- Bar sales	986,055	911,233
- Golf shop sales	352,603	312,775
<b>Total sales of goods</b>	<u>1,338,658</u>	<u>1,224,008</u>
<b>Services rendered:</b>		
- Poker machine & Keno revenue	735,622	741,811
- TAB commission	8,212	7,798
- Subscriptions	198,333	186,122
- Affiliation fee	24,422	22,680
- Competition, green fees, cart hire & golfing	886,945	813,231
<b>Total services rendered</b>	<u>1,853,534</u>	<u>1,771,642</u>
<b>Revenue from sub-clubs:</b>		
- Murwillumbah Veterans	79,669	70,807
- Women's Golf Murwillumbah	51,681	52,433
<b>Total revenue from sub-clubs</b>	<u>131,350</u>	<u>123,240</u>
<b>Total operating revenue</b>	<u>3,323,542</u>	<u>3,118,890</u>
<b>Non-Operating Revenue</b>		
- Poker machine GST subsidy	17,180	17,180
- Rents received	109,760	82,743
- Donations & sponsorship	34,450	30,084
- Other revenue	78,007	46,329
<b>Total non-operating revenue</b>	<u>239,397</u>	<u>176,336</u>
<b>Total revenue</b>	<u>3,562,939</u>	<u>3,295,226</u>
<b>Other Income</b>		
Profit on disposal of non-current assets	67,428	-
<b>Total other income</b>	<u>67,428</u>	<u>-</u>

## Murwillumbah Golf Club Limited

ABN 80 001 034 813

### Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 6 Expenses

	2019	2018
	\$	\$
<b>Depreciation and Amortisation:</b>		
Building and improvements	139,588	131,784
Furniture & fittings, plant & equipment	174,860	160,065
Poker machines	86,946	84,548
Course infrastructure	64,614	54,389
Motor vehicles	18,469	18,469
<b>Total depreciation and amortisation</b>	<b>484,477</b>	<b>449,255</b>
<b>Sub-Club Expenses:</b>		
Murwillumbah Veterans	76,730	77,263
Women's Golf Murwillumbah	48,526	40,781
<b>Total sub-club expenses</b>	<b>125,256</b>	<b>118,044</b>
Employee costs	1,243,584	1,040,586
Cost of goods sold	589,581	565,293
Administration	111,715	133,073
Repairs & maintenance	200,836	205,847
Golf related expenses	208,509	185,488
Electricity & fuel	109,577	101,209
Members entertainment	52,106	54,738
Insurance	37,466	34,989
Operating lease rentals	39,888	37,419
TAB expenses	18,204	17,484
Other expenses	131,633	126,875
Loss on disposal of non-current assets	-	8,568
<b>Total expenses</b>	<b>3,352,832</b>	<b>3,078,868</b>

## Murwillumbah Golf Club Limited

ABN 80 001 034 813

### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 7 Cash and Cash Equivalents

	2019	2018
Note	\$	\$
Cash on hand	59,000	54,000
Cash at bank:		
Trading account	142,017	115,792
Keno account	422	1,889
TAB account	1,532	2,120
<b>Total cash on hand and at bank</b>	<b>202,971</b>	<b>173,801</b>
Sub-clubs - cash at bank:		
Womens Golf	43,602	40,447
Veterans Golf	43,406	45,976
<b>Total sub-clubs</b>	<b>87,008</b>	<b>86,423</b>
<b>Total cash and cash equivalents</b>	<b>289,979</b>	<b>260,224</b>

#### (a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	7	289,979	260,224
<b>Balance as per statement of cash flows</b>		<b>289,979</b>	<b>260,224</b>

#### 8 Trade and Other Receivables

##### CURRENT

Debtors	5,908	7,283
TAB security deposit	5,000	5,000
<b>Total current trade and other receivables</b>	<b>10,908</b>	<b>12,283</b>

#### 9 Inventories

##### CURRENT

##### At cost:

Bar and golf shop stock	104,122	100,416
<b>Total current inventories</b>	<b>104,122</b>	<b>100,416</b>



## Murwillumbah Golf Club Limited

ABN 80 001 034 813

### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 10 Other Assets

	2019	2018
	\$	\$
CURRENT		
Prepayments	13,780	11,161
<b>Total current other assets</b>	<b>13,780</b>	<b>11,161</b>

#### 11 Property, Plant and Equipment

<b>Freehold land</b>		
At cost	477,000	477,000
<b>Total freehold land</b>	<b>477,000</b>	<b>477,000</b>
<b>Buildings and improvements</b>		
At cost	4,327,002	4,327,002
Accumulated depreciation	(1,412,574)	(1,272,986)
<b>Total buildings and improvements</b>	<b>2,914,428</b>	<b>3,054,016</b>
<b>Capital works in progress</b>		
At cost	25,958	-
<b>Total capital works in progress</b>	<b>25,958</b>	<b>-</b>
<b>Furniture &amp; fittings, plant &amp; equipment</b>		
At cost	2,330,542	2,187,365
Accumulated depreciation	(1,320,757)	(1,379,488)
<b>Total furniture &amp; fittings, plant &amp; equipment</b>	<b>1,009,785</b>	<b>807,877</b>
<b>Motor vehicles</b>		
At cost	92,347	92,347
Accumulated depreciation	(48,065)	(29,596)
<b>Total motor vehicles</b>	<b>44,282</b>	<b>62,751</b>
<b>Poker machines</b>		
At cost	612,622	562,902
Accumulated depreciation	(333,487)	(359,242)
<b>Total poker machines</b>	<b>279,135</b>	<b>203,660</b>
<b>Course infrastructure</b>		
At cost	2,556,789	2,457,153
Accumulated depreciation	(1,828,812)	(1,764,197)
<b>Total course infrastructure</b>	<b>727,977</b>	<b>692,956</b>
<b>Total property, plant and equipment</b>	<b>5,478,565</b>	<b>5,298,260</b>

**Murwillumbah Golf Club Limited**

ABN 80 001 034 813

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2019**

**11 Property, Plant and Equipment**

**(a) Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Land	Building and Improvements	Furniture & Fittings, Plant & Equipment	Motor Vehicles	Poker Machines	Course Infrastructure	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2019</b>								
Balance at the beginning of year	-	477,000	3,054,016	807,877	62,751	203,660	692,956	5,298,260
Additions	25,958	-	-	412,896	-	162,421	99,635	700,910
Disposals - written down value	-	-	-	(36,128)	-	-	-	(36,128)
Depreciation expense	-	-	(139,588)	(174,860)	(18,469)	(86,946)	(64,614)	(484,477)
<b>Balance at the end of the year</b>	<b>25,958</b>	<b>477,000</b>	<b>2,914,428</b>	<b>1,009,785</b>	<b>44,282</b>	<b>279,135</b>	<b>727,977</b>	<b>5,478,565</b>

Leased assets are pledged as security for finance leases (refer Note 18).

## Murwillumbah Golf Club Limited

ABN 80 001 034 813

### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 12 Intangible Assets

	2019	2018
Note	\$	\$
<b>Poker machine entitlements</b>		
Cost	220,000	220,000
<b>Total Intangibles</b>	<u>220,000</u>	<u>220,000</u>

#### 13 Trade and Other Payables

	2019	2018
<b>CURRENT</b>		
Accounts payable and accrued expenses	216,237	126,972
<b>Total current trade and other payables</b>	<u>216,237</u>	<u>126,972</u>

#### 14 Borrowings

	2019	2018
<b>CURRENT</b>		
Secured liabilities:		
Bank loans	-	450,000
Finance lease liabilities	55,393	58,134
<b>Total current borrowings</b>	<u>55,393</u>	<u>508,134</u>
<b>NON-CURRENT</b>		
Secured liabilities:		
Bank loans	100,000	-
Finance lease liabilities	250,550	37,885
<b>Total non-current borrowings</b>	<u>350,550</u>	<u>37,885</u>

##### (a) Bank loan facilities

Loan facilities in place with the Commonwealth Bank of Australia were extended for another three (3) year term and now mature in March 2022. These facilities include interest only payments with a variable interest rate of 5.05% (2018: 5.49%) per annum and total \$800,000 ((2018: \$850,000).

A \$20,000 corporate card facility is also in place.

## Murwillumbah Golf Club Limited

ABN 80 001 034 813

### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 14 Borrowings

##### (b) Securities pledged

The Commonwealth Bank of Australia holds a registered first mortgage over the Company's freehold land and buildings at Murwillumbah to secure the term loan.

The carrying amounts of assets pledged as security for borrowings are:

	2019	2018
	\$	\$
<b>First Mortgage</b>		
Freehold land	330,000	330,000
Buildings and improvements	2,739,898	2,874,563
<b>Total assets pledged as security for borrowings</b>	<b>3,069,898</b>	<b>3,204,563</b>

##### (c) Leased liabilities

Leased liabilities are secured by the underlying leased assets.

##### (d) Fair value

The fair value of borrowings equals their carrying amount.

#### 15 Employee Benefits

##### CURRENT

Long service leave	83,272	75,258
Annual leave	112,595	96,477
<b>Total current employee benefits</b>	<b>195,867</b>	<b>171,735</b>

##### NON-CURRENT

Long service leave	43,303	24,735
<b>Total non-current employee benefits</b>	<b>43,303</b>	<b>24,735</b>

The current long service leave provision includes all employees who have accumulated 10 years service and therefore have an unconditional right to take long service leave. The amount of long service leave expected to be taken by employees during the forthcoming financial year is \$NIL (2018: \$NIL).

#### 16 Other Liabilities

##### CURRENT

Unearned income	409,071	419,329
Net GST payable	47,772	61,105
Prize liability	45,643	47,641
<b>Total current other liabilities</b>	<b>502,486</b>	<b>528,075</b>

## Murwillumbah Golf Club Limited

ABN 80 001 034 813

### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 17 Reserves

	2019	2018
	\$	\$
<b>Asset revaluation surplus</b>		
Opening balance	2,226,489	2,226,489
<b>Total asset revaluation surplus</b>	<u>2,226,489</u>	<u>2,226,489</u>

#### (a) Asset revaluation surplus

The asset revaluation surplus records fair value movements on property, plant and equipment.

#### 18 Capital and Leasing Commitments

##### (a) Finance Leases

###### Minimum lease payments:

- not later than one year	69,570	62,364
- between one year and five years	278,917	40,201
<b>Minimum lease payments</b>	<u>348,487</u>	<u>102,565</u>
Less: finance changes	(42,543)	(6,547)
<b>Present value of minimum lease payments</b>	<u>305,944</u>	<u>96,018</u>

Finance leases are in place for motor vehicles, golf buggies and other course equipment which are leased under terms of between 3 and 5 years. Lease liabilities are secured by the underlying leased assets. The net carrying amount of assets under finance lease at the end of the reporting period was \$308,230 (2018: \$114,917).

##### (b) Operating Leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	46,150	53,430
- between one year and five years	63,172	65,398
<b>Total minimum lease payments</b>	<u>109,322</u>	<u>118,828</u>

Operating leases have been taken out for Golf Course Equipment for terms of between 3 and 5 years.

## Murwillumbah Golf Club Limited

ABN 80 001 034 813

### Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 19 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank loans and finance leases.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 \$	2018 \$
<b>Financial Assets</b>			
Cash and cash equivalents	7	289,979	260,224
Financial assets at amortised cost:			
- Trade and other receivables	8	10,908	12,283
<b>Total financial assets</b>		<b>300,887</b>	<b>272,507</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost:			
- Trade and other payables	13	216,237	126,972
- Borrowings	14	405,943	546,019
<b>Total financial liabilities</b>		<b>622,180</b>	<b>672,991</b>

#### 20 Fair Value Measurement

The Company does not measure any assets or liabilities at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition.

#### 21 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstandings and obligations of the Company. At 30 June 2019 the number of members was 2,500 (2018: 2,044).

#### 22 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Company is \$346,373 (2018: \$327,553).

##### Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 23: Related Parties.

## Murwillumbah Golf Club Limited

ABN 80 001 034 813

# Notes to the Financial Statements

For the Year Ended 30 June 2019

### 23 Related Parties

**(a) The Company's main related parties are as follows:**

*(i) 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 are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 22: Key Management Personnel (KMP) Disclosures.

Other transactions with KMP and their related entities are shown below.

*(ii) Other related parties include close family members of key management personnel and entities that are controlled.*

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

**(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 Company made purchases from the Williams Group Australia to the sum of \$3,108 for the period 1 July 2018 to 18 November 2018 (2018: \$166,311). This is a related entity to former director, Keith O'Grady, who is the General Manager of Williams Group Australia Pty Ltd.

### 24 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018: None).

### 25 Events Occurring After the Reporting Date

The financial report was authorised for issue on 21 September 2019 by the Board of Directors.

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.

### 26 Company Details

The registered office of the Company is:

Murwillumbah Golf Club Limited  
233 Byangum Road  
Murwillumbah NSW 2484

**Murwillumbah Golf Club Limited**

ABN 80 001 034 813

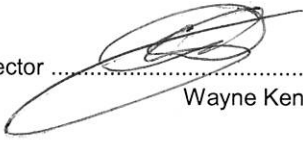
**Directors' Declaration**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 29, 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 2019 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director  .....  
Graham Rosenbaum

Director  .....  
Wayne Kendrigan

Dated at Murwillumbah this 21st day of September 2019





**Independent Auditor's Report  
To the Members of Murwillumbah Golf Club Limited**

**Opinion**

We have audited the financial report of Murwillumbah Golf Club Limited ("the Company") which comprises the statement of financial position as at 30 June 2019, the statement of profit and 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:

- a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b) 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.

**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 directors' report for the year ended 30 June 2019, 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 ability of the Company 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 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:

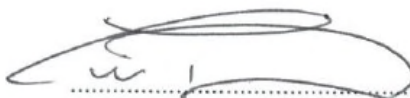
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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.

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.

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

Per:

  
.....  
G W DWYER (Partner)

Dated at Lismore this 21<sup>st</sup> day of September 2019