

Tuggerah Lakes Golf Club Limited

Trading as Shelly Beach Golf Club

ABN 39 001 071 905

Annual Report - 30 June 2019

Tuggerah Lakes Golf Club Limited
Trading as Shelly Beach Golf Club
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30 June 2019

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Tuggerah Lakes Golf Club Limited
Trading as Shelly Beach Golf Club
Directors' report
30 June 2019

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2019.

Directors

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

Malcolm Sheldon (Appointed 11 November 2018)
Garry Craig
Peter Sliwinski
David Newman
Michael Lamaro
David Fletcher
Arthur White
Toni McSweeney
Susan Eastway (Appointed 11 November 2018)
Allan Arkins (Resigned 11 November 2018)
Bruce Cummins (Resigned 11 November 2018)

Objectives

Short term and long term objectives

Short term objectives include:

- Continue to promote Golfing Membership of the Club through our competition golf calendar, special events such as the Pro Am and Open Amateur and by maintaining the course to a high standard whilst managing the cost in line with responsible management of club finances;
 - Continue to promote Social Membership of the club through promotional offers, social events, live music and maintaining a quality food and beverage offering;
 - Improve the brand that is Shelly Beach Golf Club through targeted marketing and the use of social media, electronic mail, Radio and the website to ensure the Club is a venue of choice in the local market;
 - Continue to trade in a profitable fashion to have the ability to service debt and ensure adequate cash flow to meet with suppliers' credit demands;
- Increase the Clubs bank account;
- Ensure our Club vision is holistic and is for the benefit of the Club and the majority of members;
- Continue to promote Junior golf through school holiday programs, membership drives and competition golf with the objective of fostering future full golfing members; and
- Continue to introduce and foster golf participation through our Tyro's program.

Long term objectives include:

- Further strategic improvements to the golf course as approved by the greens committee and sanctioned by the Board of Directors in a fiscally responsible manner;
- Expand the club's footprint for trade via a balcony extension, renovation to the bottom bar and a small increase to the number of car spaces in the car park;
- Utilise the outdoor wedding area for social activities and events during peak periods;
- Reduce debt and leasing and implement a strategic capital equipment purchasing plan;
- Work toward continual surplus budgets to ensure the Club is sustainable long term;
- Explore opportunities for government grants to assist the Club in its endeavours;
- Ensure Board and key management are abreast of current legislative and governance requirements for the successful running of the club; and
- The Club should ensure diversified income streams to minimise the reliance on any one particular area of the Club for financial stability.

Strategy for achieving the objectives

The company's strategies for achieving its objectives include:

- Improving the club's EBITDA by at least 1% year on year (2019: 12.2%, 2018: 8.4%, 2017: 7.8%);
- Maintaining an efficient operational wage percentage to turnover without compromising customer service. A range of 32% inclusive of on-costs is desirable.

Tuggerah Lakes Golf Club Limited
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Directors' report
30 June 2019

Principal activities

During the financial year the principal continuing activities of the company consisted of:

- encouraging and promoting the game of golf.
- providing amenities for members, visitors and guests by way of a golf course and clubhouse facilities.

Operating results

The surplus of the company for the financial year amounted to \$343,566 (2018: Surplus of \$3,777).

Events after the reporting period

Subsequent to the end of the financial year an armed robbery occurred at the Club (September 2019). The matter is currently under investigation by New South Wales Police. The Club has offered counselling and other services in support of all staff members. The financial exposure arising from the robbery is unlikely to be quantitatively material to the Club.

In October 2019, the Club entered into Voluntary Undertaking with the NSW Office of Liquor and Gaming. This voluntary undertaking is a demonstration of the Club's ongoing commitment to observe the spirit and intent of the law relating to the responsible service of alcohol. This undertaking will be reviewed in February 2020 unless varied or revoked at any time by either party. The financial impact of the undertaking is unlikely to be material to the financial report.

On 17 October 2019, a matter was heard in the Land and Environment Court of NSW relating to a tree dispute to which the Club was the respondent. The applicant's application to the court was refused. Accordingly the financial effect to the Club of responding to the application was not materially significant to the Club.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Information on directors

Name: Malcolm Sheldon (Appointed 11 November 2018)
Title: President
Qualifications: Retired Managing Director

Name: Garry Craig
Title: Director
Qualifications: Retired industrial chemist

Name: Peter Sliwinski
Title: Director
Qualifications: Retired police officer / small business owner

Name: David Newman
Title: Director
Qualifications: Retired financial controller

Name: Michael Lamaro
Title: Director
Qualifications: Bus driver / SAP business expert

Name: David Fletcher
Title: Director
Qualifications: Retired principal

Name: Arthur White
Title: Director
Qualifications: Retired

Name: Toni McSweeney
Title: Director
Qualifications: Business Development & Training Manager

Tuggerah Lakes Golf Club Limited
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Name: Susan Eastway (Appointed 11 November 2018)
 Title: Director
 Qualifications: Retired Small Business Owner

Name: Allan Arkins (Resigned 11 November 2018)
 Title: President
 Qualifications: Retired principal / educational consultant

Name: Bruce Cummins (Resigned 11 November 2018)
 Title: Director
 Qualifications: Retired engineering manager

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board Attended	Held
Malcolm Sheldon (Appointed 11 November 2018)	7	8
Garry Craig	13	15
Peter Sliwinski	14	15
David Newman	15	15
Michael Lamaro	13	15
David Fletcher	13	15
Arthur White	11	15
Toni McSweeny	15	15
Susan Eastway (Appointed 11 November 2018)	7	8
Allan Arkins (Resigned 11 November 2018)	7	7
Bruce Cummins (Resigned 11 November 2018)	6	7

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

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Auditor's independence declaration

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

Tuggerah Lakes Golf Club Limited
Trading as Shelly Beach Golf Club
Directors' report
30 June 2019

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

On behalf of the directors



Malcolm Sheldon
Director

23 October 2019



David Newman
Director



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INDEPENDENT AUDITOR'S DECLARATION TO THE MEMBERS OF TUGGERAH LAKES GOLF CLUB LIMITED

We hereby declare that to the best of our knowledge and belief during the year ended 30 June 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm

Bishop Collins Audit Pty Ltd
Chartered Accountants

Name of Registered Company Auditor



Martin Le Marchant

Auditor's Registration No.

431227

Address

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated 23 October 2019



CHARTERED ACCOUNTANTS
AUSTRALIA'S BEST FINANCIAL ADVICE

LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION



Registered Company Auditors:

Glenn A Harris CA

Martin Le Marchant CA



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TUGGERAH LAKES GOLF CLUB LIMITED

Opinion

We have audited the accompanying financial report of Tuggerah Lakes Golf Club Limited ("The Company") which comprises the statement of financial position as at 30 June 2019, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion:

- (a) the financial report of Tuggerah Lakes Golf 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 2019 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with 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; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter

We draw attention to Note 2 'Going Concern' of the financial report, which discloses the Company's current liabilities exceeds its current assets at 30 June 2019. As stated in Note 2, this indicates that an uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



CHARTERED ACCOUNTANTS
AUSTRALIA - NEW ZEALAND

LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION



Registered Company Auditors:

Glenn A Harris CA

Martin Le Marchant CA



Directors' Responsibility for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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



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

Name of Firm

Bishop Collins Audit Pty Ltd
Chartered Accountants

Name of Registered Company Auditor



Martin Le Marchant

Auditor's Registration No.

431227

Address

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated 23 October 2019

Tuggerah Lakes Golf Club Limited
Trading as Shelly Beach Golf Club
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	5	8,951,464	8,160,433
Other income	6	104	29,245
Total revenue		<u>8,951,568</u>	<u>8,189,678</u>
Expenses			
Cost of sales		(2,308,031)	(2,176,675)
Advertising expenses		(117,010)	(116,611)
Auditor's remuneration		(23,970)	(27,550)
Affiliation fees		(45,117)	(42,936)
Employee benefits expense		(3,288,011)	(3,210,694)
Entertainment and bands expense		(220,627)	(104,228)
Depreciation and amortisation expense		(692,329)	(659,796)
Insurance expense		(244,286)	(230,088)
House expenses		(110,981)	(135,900)
Cleaning and waste disposal expenses		(119,304)	(118,899)
Commissions paid		(88,852)	(81,797)
Trophies and prizes expense		(159,144)	(159,681)
Directors' benefits expense		(18,385)	(17,863)
Fertiliser and greens chemicals		(133,185)	(131,444)
Finance lease expenses		(27,591)	(23,970)
Postage, printing and stationery expenses		(27,412)	(23,765)
Security costs		(59,216)	(57,058)
Utilities expense		(164,983)	(172,652)
Rates and taxes expense		(80,898)	(80,588)
Finance costs		(66,280)	(78,539)
Repairs and replacements expense		(237,861)	(199,438)
Computer expenses		(55,387)	(55,050)
Other expenses		<u>(319,142)</u>	<u>(280,679)</u>
Surplus before income tax expense		343,566	3,777
Income tax expense		-	-
Surplus after income tax expense for the year	21	343,566	3,777
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>343,566</u>	<u>3,777</u>

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

Tuggerah Lakes Golf Club Limited
Trading as Shelly Beach Golf Club
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	7	561,828	313,537
Trade and other receivables	8	105,555	83,302
Inventories	9	198,958	201,700
Financial assets	10	6,722	6,618
Other	11	19,124	21,524
Total current assets		<u>892,187</u>	<u>626,681</u>
Non-current assets			
Property, plant and equipment	12	5,207,917	5,483,714
Intangibles	13	138,688	138,688
Total non-current assets		<u>5,346,605</u>	<u>5,622,402</u>
Total assets		<u>6,238,792</u>	<u>6,249,083</u>
Liabilities			
Current liabilities			
Trade and other payables	14	629,010	575,605
Borrowings	15	252,294	250,014
Employee benefits	16	330,457	313,336
Other	17	677,116	532,992
Total current liabilities		<u>1,888,877</u>	<u>1,671,947</u>
Non-current liabilities			
Borrowings	18	474,662	1,039,402
Employee benefits	19	16,572	22,619
Total non-current liabilities		<u>491,234</u>	<u>1,062,021</u>
Total liabilities		<u>2,380,111</u>	<u>2,733,968</u>
Net assets		<u>3,858,681</u>	<u>3,515,115</u>
Equity			
Reserves	20	368,000	368,000
Retained surpluses	21	<u>3,490,681</u>	<u>3,147,115</u>
Total equity		<u>3,858,681</u>	<u>3,515,115</u>

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

Tuggerah Lakes Golf Club Limited
Trading as Shelly Beach Golf Club
Statement of changes in equity
For the year ended 30 June 2019

	Asset revaluation reserve \$	Retained surpluses \$	Total equity \$
Balance at 1 July 2017	368,000	3,143,338	3,511,338
Surplus after income tax expense for the year	-	3,777	3,777
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	3,777	3,777
Balance at 30 June 2018	<u>368,000</u>	<u>3,147,115</u>	<u>3,515,115</u>
	Asset revaluation reserve \$	Retained surpluses \$	Total equity \$
Balance at 1 July 2018	368,000	3,147,115	3,515,115
Surplus after income tax expense for the year	-	343,566	343,566
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	343,566	343,566
Balance at 30 June 2019	<u>368,000</u>	<u>3,490,681</u>	<u>3,858,681</u>

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

Tuggerah Lakes Golf Club Limited
Trading as Shelly Beach Golf Club
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,770,572	8,833,931
Payments to suppliers and employees (inclusive of GST)		<u>(8,505,113)</u>	<u>(8,342,072)</u>
		1,265,459	491,859
Interest received		104	137
Interest and other finance costs paid		<u>(66,280)</u>	<u>(78,197)</u>
Net cash from operating activities		<u>1,199,283</u>	<u>413,799</u>
Cash flows from investing activities			
Payments for investments		(104)	(136)
Payments for property, plant and equipment		<u>(388,428)</u>	<u>(916,622)</u>
Proceeds from disposal of property, plant and equipment		-	10,500
Net cash used in investing activities		<u>(388,532)</u>	<u>(906,258)</u>
Cash flows from financing activities			
Repayment of borrowings		315,336	1,170,770
Proceeds from borrowings		<u>(877,796)</u>	<u>(941,303)</u>
Net cash from/(used in) financing activities		<u>(562,460)</u>	<u>229,467</u>
Net increase/(decrease) in cash and cash equivalents		248,291	(262,992)
Cash and cash equivalents at the beginning of the financial year		<u>313,537</u>	<u>576,529</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>561,828</u></u>	<u><u>313,537</u></u>

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

Tuggerah Lakes Golf Club Limited
Trading as Shelly Beach Golf Club
Notes to the financial statements
30 June 2019

Note 1. General information

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

Tuggerah Lakes Golf Club Limited is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 October 2019.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

AASB 9 Financial Instruments - The Company has adopted AASB 9 from 1 July 2018. this standard introduced new classification and measurement models for financial assets. The adoption of this standard and interpretation did not have any significant impact on the financial performance or position of the Company.

New or amended Accounting standards and interpretations not yet adopted

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates from all reporting periods commencing on or after January 2019 and will be applicable in the 2020 financial year. The Company has not opted for early adoption of these standards.

AASB 16 Leases – The revised standard removes the distinction between operating and finance leases for leases. The standard requires rights and obligations relating to most leases to be recognised on the balance sheet. Upon initial application of AASB 16 on 1 July 2019, the Company estimates that the modified retrospective approach will result in a right-of-use asset of \$183,773 and lease liability of \$183,773 measured, at the present value of the remaining lease payments using each lessee's respective incremental borrowing rate. The company also estimates an impact on retained earnings of \$8,310.

AASB 15 Revenue from Contracts with Customers – This standard moves the revenue recognition focus from transaction level to a contractual rights and obligations basis. The Company has not yet considered the impact of this standard.

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

Going concern

At 30 June 2019, the company's current liabilities (\$1,888,877) exceed its current assets (\$892,187) by \$996,690. Notwithstanding this deficiency, the financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the extinguishment of liabilities in the ordinary course of business.

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

- The Company has access to undrawn facilities of \$928,808 to meet any working capital requirements;
- Current liabilities, including membership subscriptions paid in advance (\$368,763) and revenue received in advance (\$87,258) will not require cash settlement; and
- It is not anticipated that employee entitlements (\$330,457) will be extinguished by 30 June 2020.

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

Basis of preparation

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

Note 2. Significant accounting policies (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

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

Revenue recognition

The company recognises revenue as follows:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Rendering of services revenue is determined with reference to the stage of completion of the transaction.

Membership revenue

Membership revenue is recognised on a proportional basis over the period of the membership.

Interest

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

Other revenue

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

Income tax

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

Current and non-current classification

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

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

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

Cash and cash equivalents

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

Note 2. Significant accounting policies (continued)

Trade and other receivables

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the company has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Property, plant and equipment

Land is stated at deemed cost. Buildings and plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 2. Significant accounting policies (continued)

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

Buildings	40 years
Building improvements	40 years
Plant and equipment	2 - 20 years

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

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

Intangible assets

Poker machine entitlements

Poker machine entitlements are capitalised as an asset. These costs are not subsequently amortised.

Impairment of non-financial assets

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

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

Trade and other payables

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

Borrowings

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

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

Finance costs

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

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits

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

Defined contribution superannuation expense

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

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

Note 3. Critical accounting judgements, estimates and assumptions

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

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy

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

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

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

Estimation of useful lives of assets

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

Indefinite life intangible assets

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

Employee benefits provision

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

Note 4. Restatement of comparatives

Statement of profit or loss and other comprehensive income

When there is a restatement of comparatives, it is mandatory to provide a statement of profit or loss and other comprehensive income for the year ended 30 June 2018. However, as there were no adjustments made, the company has elected not to show the statement of profit or loss and other comprehensive income.

Statement of financial position at the beginning of the earliest comparative period

When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 July 2017. However, as there were no adjustments made as at 1 July 2017, the company has elected not to show the 1 July 2017 statement of financial position.

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Note 5. Revenue

	2019 \$	2018 \$
<i>Sales revenue</i>		
Bar revenue	2,689,647	2,178,285
Functions and catering revenue	2,538,047	2,394,195
Golf shop revenue	794,067	830,184
Green fees revenue	1,023,526	957,630
Subscriptions and affiliation fees	943,778	903,215
Commissions received	161,808	148,513
Gross poker machine takings	2,139,700	1,822,880
Less: poker machine payouts	(1,436,575)	(1,229,606)
Poker machine GST subsidy	17,180	17,180
Market night and raffle revenue	51,105	61,516
	<u>8,922,283</u>	<u>8,083,992</u>
<i>Other revenue</i>		
Other revenue	29,181	76,441
Revenue	<u>8,951,464</u>	<u>8,160,433</u>

Note 6. Other income

	2019 \$	2018 \$
Net gain on disposal of property, plant and equipment	-	29,108
Interest received	104	137
Other income	<u>104</u>	<u>29,245</u>

Note 7. Current assets - cash and cash equivalents

	2019 \$	2018 \$
Cash at bank and on hand	<u>561,828</u>	<u>313,537</u>

Note 8. Current assets - trade and other receivables

	2019 \$	2018 \$
Trade receivables	68,272	82,802
Other receivables	<u>37,283</u>	<u>500</u>
	<u>105,555</u>	<u>83,302</u>

Tuggerah Lakes Golf Club Limited
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Note 9. Current assets - inventories

	2019 \$	2018 \$
Bar stock on hand - at cost	59,203	51,616
Golf shop stock on hand - at cost	98,552	94,503
Catering stock on hand - at cost	12,310	26,365
Greens shed stock on hand - at cost	28,893	29,216
	<u>198,958</u>	<u>201,700</u>

Note 10. Current assets - financial assets

	2019 \$	2018 \$
Term deposit	<u>6,722</u>	<u>6,618</u>

Note 11. Current assets - other

	2019 \$	2018 \$
Prepayments	17,198	21,251
Other deposits	1,926	273
	<u>19,124</u>	<u>21,524</u>

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

	2019 \$	2018 \$
Freehold land - at deemed cost	<u>385,452</u>	<u>385,452</u>
Buildings - at cost	3,202,261	3,202,261
Less: Accumulated depreciation	<u>(1,001,007)</u>	<u>(921,107)</u>
	<u>2,201,254</u>	<u>2,281,154</u>
Property improvements - at cost	2,522,808	2,435,769
Less: Accumulated depreciation	<u>(1,445,070)</u>	<u>(1,344,061)</u>
	<u>1,077,738</u>	<u>1,091,708</u>
Plant and equipment - at cost	5,323,716	5,099,897
Less: Accumulated depreciation	<u>(3,841,540)</u>	<u>(3,413,438)</u>
	<u>1,482,176</u>	<u>1,686,459</u>
Capital work in progress	<u>61,297</u>	<u>38,941</u>
	<u>5,207,917</u>	<u>5,483,714</u>

Tuggerah Lakes Golf Club Limited
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Note 12. Non-current assets - property, plant and equipment (continued)

Reconciliations

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

	Work in Progress \$	Freehold land \$	Buildings \$	Property improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2018	38,941	385,452	2,281,154	1,091,708	1,686,459	5,483,714
Additions	29,053	-	-	103,442	284,036	416,531
Transfers in/(out)	(6,697)	-	-	6,697	-	-
Depreciation expense	-	-	(79,900)	(124,109)	(488,319)	(692,328)
Balance at 30 June 2019	<u>61,297</u>	<u>385,452</u>	<u>2,201,254</u>	<u>1,077,738</u>	<u>1,482,176</u>	<u>5,207,917</u>

Note 13. Non-current assets - intangibles

	2019 \$	2018 \$
Poker machine entitlements - at cost	<u>138,688</u>	<u>138,688</u>

Reconciliations

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

	Poker machine entitlements \$	Total \$
Balance at 1 July 2018	<u>138,688</u>	<u>138,688</u>
Balance at 30 June 2019	<u>138,688</u>	<u>138,688</u>

Note 14. Current liabilities - trade and other payables

	2019 \$	2018 \$
Trade payables	256,872	260,848
Function deposits held	38,954	28,345
House account	78,155	70,936
Sponsorships in advance	74,595	61,751
BAS payable	112,914	95,734
Other payables	67,520	57,991
	<u>629,010</u>	<u>575,605</u>

Note 15. Current liabilities - borrowings

	2019 \$	2018 \$
Hire purchase	<u>252,294</u>	<u>250,014</u>

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Note 16. Current liabilities - employee benefits

	2019	2018
	\$	\$
Annual leave	164,902	161,955
Long service leave	165,555	151,381
	<u>330,457</u>	<u>313,336</u>

Note 17. Current liabilities - other

	2019	2018
	\$	\$
Accrued expenses	89,984	84,800
Revenue received in advance	87,258	136,794
Subscriptions paid in advance	368,763	266,998
Unexpended capital grant	92,507	-
Security deposits	38,604	44,400
	<u>677,116</u>	<u>532,992</u>

Note 18. Non-current liabilities - borrowings

	2019	2018
	\$	\$
Bank loan	271,192	721,192
Hire purchase	203,470	318,210
	<u>474,662</u>	<u>1,039,402</u>

Total secured liabilities

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

	2019	2018
	\$	\$
Bank loan	271,192	721,192
Hire purchase	455,764	568,224
	<u>726,956</u>	<u>1,289,416</u>

Assets pledged as security

The bank loans are secured by first mortgages over the company's land and buildings.

Note 19. Non-current liabilities - employee benefits

	2019	2018
	\$	\$
Long service leave	<u>16,572</u>	<u>22,619</u>

Tuggerah Lakes Golf Club Limited
Trading as Shelly Beach Golf Club
Notes to the financial statements
30 June 2019

Note 20. Equity - reserves

	2019 \$	2018 \$
Revaluation surplus reserve	<u>368,000</u>	<u>368,000</u>

Revaluation surplus reserve

The reserve is used to recognise increments and decrements in the deemed cost of the land, excluding investment properties.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Asset revaluation reserve \$	Total \$
Balance at 1 July 2017	<u>368,000</u>	<u>368,000</u>
Balance at 30 June 2019	<u>368,000</u>	<u>368,000</u>

Note 21. Equity - retained surpluses

	2019 \$	2018 \$
Retained surpluses at the beginning of the financial year	3,147,115	3,143,338
Surplus after income tax expense for the year	<u>343,566</u>	<u>3,777</u>
Retained surpluses at the end of the financial year	<u>3,490,681</u>	<u>3,147,115</u>

Note 22. Core and non core property

In accordance with the provisions under section 41J(2) of the Registered Clubs Act 1976, the directors have classified the following assets as core property:

- Clubhouse, carpark and surrounds: lot 367 DP 755263

Note 23. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2019 \$	2018 \$
Aggregate compensation	<u>625,525</u>	<u>735,814</u>

Note 24. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 23.

Tuggerah Lakes Golf Club Limited
Trading as Shelly Beach Golf Club
Notes to the financial statements
30 June 2019

Note 24. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2019 \$	2018 \$
Payment for goods and services:		
Purchase of Club Directors Institute membership for directors	-	1,164
Purchase of Clubs NSW training for directors	1,945	-
Purchase of meals and drinks shared equally between all directors	17,889	17,662
Purchase of suit jackets and shirts supplied to directors	496	201

Receivable from and payable to related parties

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

Loans to/from related parties

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

Terms and conditions

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

Note 25. Company details

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

'The Club House', Shelly Beach Road
Shelly Beach NSW 2261

Note 26. Events after the reporting period

Subsequent to the end of the financial year an armed robbery occurred at the Club (September 2019). The matter is currently under investigation by New South Wales Police. The Club has offered counselling and other services in support of all staff members. The financial exposure arising from the robbery is unlikely to be quantitatively material to the Club.

In October 2019, the Club entered into Voluntary Undertaking with the NSW Office of Liquor and Gaming. This voluntary undertaking is a demonstration of the Club's ongoing commitment to observe the spirit and intent of the law relating to the responsible service of alcohol. This undertaking will be reviewed in February 2020 unless varied or revoked at any time by either party. The financial impact of the undertaking is unlikely to be material to the financial report.

On 17 October 2019, a matter was heard in the Land and Environment Court of NSW relating to a tree dispute to which the Club was the respondent. The applicant's application to the court was refused. Accordingly the financial effect to the Club of responding to the application was not materially significant to the Club.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.


Tuggerah Lakes Golf Club Limited
Trading as Shelly Beach Golf Club
Directors' declaration
30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Malcolm Sheldon
Director

23 October 2019



David Newman
Director