

10.7 **Lennox Head Community Sports and Recreation Club - Rent Relief.DOC**



Ballina Shire Council
40 Cherry Street
BALLINA NSW 2478

PO Box 450
BALLINA NSW 2478

1300 864 444
council@ballina.nsw.gov.au
www.ballina.nsw.gov.au



Lennox Head Community Sports and Recreation Club Ltd - Locality Plan

ballina shire council
geographical information system

Projection: GDA94 / MGA zone 56
Date: 3/12/2018

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26 November 2018

Leanne Harding
Coordinator Property and Airport Administration
Ballina Shire Council

Dear Leanne

RE: Rental Agreement Lennox Head Community Sport and Recreation Club

As recently discussed, our rental agreement is up for review as at 1 January 2019.

For the past 5 years Club Lennox has received rent relief from council in the order of 50-80% discount on commercial market rate. This allowed the club to re-open in its own right once again in 2013 and re-establish itself as the community hub of Lennox Head.

You have advised that the new rental agreement from 1 January 2019 would no longer contain any relief provision and, as such, would more than double the current rate payable. If this were to occur there would be significant impact on the club's ability to trade with insolvency a distinct possibility.

The club respectfully requests that council re-assess the rate payable by the club in consideration of financial hardship.

We would also propose that council considerations take to account the following:

1. The club currently pays Land and Water rates in excess of \$22,000 p.a.
2. The club supports the local community through significant financial and non-financial means including the re-investment of over \$1 million p.a. in employee benefits for local constituents.
3. The club has ongoing cashflow pressures
4. The club is facing significant capital and maintenance costs due to aging assets and structural failings. These include building stabilisation, roof and ceiling replacement, air – conditioning replacement and new children's play equipment.
5. Whilst the club is not a recognised charity, it is registered by the ATO as a Not for Profit organisation.
6. The club Board of Directors receive no honorariums and numerous volunteers devote significant amounts of time to ensure costs are well contained.
7. The club is home to, and supports, 18 affiliated sporting and social clubs
8. The club provides a community health benefit by providing an outlet for those struggling with loneliness and mental health issues.
9. The club provides low cost social activities for all ages

10. The club significantly subsidises the sport of lawn bowls at the club
11. The Club is a significant social and entertainment hub of Lennox Head. This was proven on Sunday 11 November when an estimated more than 5,000 locals attended our "food-truck" event.

In light of the above information, the club seeks rental relief in the order of 75% , ie. the club pays 25% of market rate.

In support of this request I have included a copy of the club's latest annual report and a letter from the club's auditors supporting our case for financial Hardship.

Could you please have this request tabled at the next council meeting for consideration.

Council's ongoing support of the club and the Lennox Head community is greatly appreciated by all concerned.

Kind regards

Glen Lloyd

Glen Lloyd
General Manager
Club Lennox

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

4. Committee Reports

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

Delivery Program Commercial Services

Objective To determine if Council wish to amend the existing lease terms and conditions, including rental, for the Lennox Head Community Sports and Recreation Club Limited trading as Club Lennox

Background

Council is in receipt of a request from the Lennox Head Community Sports and Recreation Club Limited trading as Club Lennox ("the Club") for a review of their lease terms and conditions. The Club own the building improvements and lease the land from Council.

The lease agreement was previously held by Ramsgate RSL Memorial Club Ltd for a 20 year term commencing on 1 January 2004 and terminating on 31 December 2024. This lease was assigned to Club Lennox in 2013.

In agreeing to the assignment of the lease to the Club, Council also agreed to discount the scheduled rent in the lease over a five year period commencing on 1 January 2014. In Year 1 of the Club's assignment rental was discounted by 80%, and in Year 2 (at present) the rental is discounted by 70%. The current proposal is that the lease reverts to 50% from Year 3 onwards.

The Club has now requested that the rent payable be discounted by 80% of the scheduled rent until the end of the discounted rent agreement term in December 2018.

Key Issues

- Rental subsidy

Information

A number of reports have previously been presented to Council regarding the lease agreement originally held by Ramsgate RSL Memorial Club Ltd and subsequently assigned to the Club.

Resolutions arriving previous reports are noted as follows:

26 September 2013

1. *"That the General Manager advise Club Lennox that if they are successful in re-opening the Lennox Head Bowling Club Council provides in principle support for a concession of the market value for the land as follows:*

Year 1 – 20% Year 2 – 30% Year 3 – 50%

2. *That Council ensures that the lease includes security over the poker machine licences.*

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

3. *That Council write to Ramsgate seeking compensation (of the difference between the concession amount) for the first two years of the lease period."*

24 October 2013

1. *"That Council approves the transfer of the existing lease and licence for the Lennox Head Bowling Club from Ramsgate Pty. Ltd. to Club Lennox Ltd, subject to the following amendments:*
- a) *Revised rental based on the terms resolved by Council at the September 2013 Ordinary Meeting*
 - b) *A caveat or other appropriate legal restriction being placed over 20 poker machine licences to the benefit of Council.*
 - c) *That the caveat over 10 of the poker machines in point b) will only apply up until 50% rental is being paid.*
2. *That Council approves the Council seal to be attached to any legal documents associated with this transfer."*

23 January 2014

"That Council confirms that the 50% rebate for the lease of the Lennox Head Bowling Club, to Club Lennox, is applicable for years four and five of the lease, with Council noting that this concession will be reviewed every five years, as part of any review to Council."

The Club is currently in the second year of the discounted rental agreement and is paying 30% + CPI of the scheduled rental. The current rent being paid is \$12,117.30 + GST. The table below demonstrates the scheduled discounts and estimated rentals up to year five of the discounted rental agreement as per the Council resolution of January 2014.

Year	Scheduled Rent p.a. excl GST	Discount	Rent Payable p.a. excl GST
1	\$39,715.83	80%	\$7,943.17
2	\$40,391.00	70%	\$12,117.30
3	\$40,391.00 + CPI	50%	Approx. \$20,500.00
4	Year 3 rent + CPI	50%	Approx. \$20,900.00
5	Year 4 rent + CPI	50%	Approx. \$21,250.00

The Club has written to Council (see **attached**) requesting that they consider setting the rent at 20% of the scheduled rental as noted in the lease to:

"enable the Club to make important improvement for the communities benefit and allow the community to prosper".

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

The Club has advised that works proposed over the next few years include the installation of solar panels, extensions to the club building and external lighting. A copy of the Club's Strategic Planning Outcomes 2015/2015 document is **attached** that identifies other works and projects suggested by the local community.

The Club has also provided documentation in regards to their current financial position (see **attached**).

Rather than continuing to lease the site, the Club has also expressed interest in acquiring the site based upon its value as community land with Council to provide vendor finance.

In a meeting with members of the Club's board, Council's General Manager and Mayor advised that the subject site is classified as community land and as such Council is not in a position to sell it without the land being reclassified to operational land. This would require a public hearing and compliance with other relevant provisions under the NSW LGA 1993. Furthermore, if the site were to be reclassified, Council would be obliged to seek its open market value in the event of a sale.

The General Manager and Mayor advised the Board that sale of the land would not be recommended by staff and was not a preferred option, as the management of the Club can change over time. Retaining the land in Council ownership provides the highest protection to the community of this important asset.

Legal / Resource / Financial Implications

The Club currently pay a rental of \$12,117.30 + GST p.a. On 1 January 2016 the rent is to increase to \$20,500.00 p.a. + GST in accordance with the 50% rental discount agreement and remain at 50% until 2018 when the agreement is to be reviewed.

If Council agree to the Club's current request they (Council) would be foregoing approximately \$26,000 + GST in rental up to the end of the five year rental discount period granted by Council in 2014, as noted in the table above.

The current rental arrangements were granted by Council on the basis that it takes security over twenty gaming machine entitlements until the lessee is paying 50% of the scheduled rent at which time it will then release security on ten machines. The Club has not requested any changes to this arrangement.

Consultation

Club Lennox has provided information in support of their request for the rental to be discounted contrary to the current agreement.

Options

1. Council agree to the Club's request that the rental payable be reduced to 20% of the scheduled rent for the remaining term of the five year rental discount agreement expiring on 31 December 2018.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

2. Council refuse the request of the Club for a rental reduction as outlined in their submission and require the current rental discounts be applied.

Both options are included in the recommendations to allow Councillors to make a preferred determination.

RECOMMENDATION

That Council agree to the Lennox Head Community Sports and Recreation Club's request that the rental payable be reduced to 20% of the scheduled rent for the remaining term of the five year rental discount agreement expiring on 31 December 2018 to allow the Club to implement their strategic plan.

OR

That Council not agree to the Lennox Head Community Sports Club's request that the rental payable be reduced to 20% of the scheduled rent for the remaining term of the five year rental discount agreement expiring on 31 December 2018, as the 50% proposed from Year 3 onwards is already a significant reduction and is similar to the community service recognition provided by Council for other fees and charges for community groups.

Attachment(s)

1. Club Lennox Submission
2. Club Lennox Audited 2015 Financial Report
3. Club Lennox Strategic Planning Outcomes Document 2014/15

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental



12 October 2015

The General Manager
Ballina Shire Council
Cherry Street
BALLINA NSW 2478



Dear Paul,

Club Lennox Lease Arrangements

Our present Lease arrangements were determined by Council when the club was looking to De-amalgamate from Ramsgate RSL. Ultimately the lease rental will increase and over time this will mean the cost will increase to make the Club start to suffer financially.

Our Club asks Council to reduce the rental under our Lease arrangement to a flat 20% of the present Lease agreement.

Since Club Lennox has commenced we have undertaken the following improvements from our limited resources;

1. Club improvements and repainting to reopen
2. New furniture and seating/tables including new TV's etc
3. New Ebet system \$50,000
4. Established a Kids Zone within the club \$ 4,000
5. Established a small function room \$ 5,000
6. Laid timber decking for outside dining \$ 4,000
7. Installed new kids play equipment \$ 2,000
8. Upgraded the POS cash registers \$ 4,000
9. Renovated the 2 bowling greens

Plus the continual repair to the building and equipment.

The Club wishes to continue to make minor improvements in line with our strategic plan that is a total focus on our Community and the various groups within our area. Presently there are 23 community groups in the Lennox area and 14 of those groups call Club Lennox there home. This is a big increase on the organisations using it from when Ramsgate was in control. The support from the Community is growing all the time.

In conclusion we are asking you to consider setting the rental at 20% as this will allow the Club to make important improvement for the communities benefit and allow the club to prosper, which I know all Councillors would be in favour of. The Club has grown

Lennox Head Community Sports and Recreation Club Limited t/a Club Lennox
PO Box 422 Lennox Head NSW 2478 - info@clublennox.com.au - www.clublennox.com.au
02 6687 4313  ABN 29 163 771 382

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membership substantially since we reopened and had nearly 3000 members as at 30/6/2015. The club is home to some 14 different community groups and we try to link in with community events which is a key part of our ongoing strategic plan which we review each year. Our ongoing smaller improvements will have a considerable cost as they evolve and the club has to be profitable for this to occur.

Ideally the club would like to acquire the land from the Council at community land pricing and use the annual lease rentals to repay the land value in the form of a loan from council so that in years to come the Club can grow more to suit the expanded growth that is happening in this part of the shire. This growth expectation and our continual focus on the local community groups and associations in the area is critical to the community, and no doubt is also a key consideration for council as they expand services for the area. Our club is a vital part of that growth, and really without the opportunity to acquire the land to have as our own, we will be limited in what we can do and achieve for the community.

If you require any additional information, please let us know.

Yours faithfully,



P. Carter
Chairperson

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4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION
CLUB LIMITED**

ABN 29 163 771 382

**Financial Report For The Year Ended
30 June 2015**

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

Lennox Head Community Sport and Recreation Club Limited	
ABN 29 163 771 382	
Financial Report For The Year Ended 30 June 2015	
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4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN: 29 163 771 382
REPORT OF THE DIRECTORS'**

The Directors of Lennox Head Community Sport and Recreation Club Limited (ABN 29 163 771 382 (the "Club"), submit their report for the company for the year ended 30 June 2015.

Directors

The names of the Directors of the Club in office during the financial year and until the date of this report are:

Pip Carter	Chairperson
Lindsay Clarke	
Col Skennar	
Darel Vidler	
Kevin Watts	(appointed 23/11/14)
Paul Everingham	(appointed 23/11/14)
Neil Kennedy	(appointed 23/11/14)
David Hulme	(resigned 23/11/14)
Beth Heldt	(resigned 23/11/14)

The Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

Principal Activities

The principal activities of the Club during the financial year have been the operation of a licenced bowls and sports club. There have been no significant changes in the nature of those activities during the financial year.

Short Term Objectives

The Club's short term objectives are:

- Provide a first class sporting and entertainment venue for the Lennox Head community.
- Establish a strong and viable revenue base that will support the ongoing sustainability of the Lennox Head Community Sports and Recreation Club Limited.
- Grow existing membership and enhance the facilities for both members and visitors alike.
- Maximise the Clubhouse facilities to increase our capacity to access new markets in functions and hospitality and leisure.
- Encourage, recognise, value the contribution of all volunteers within the Club.

Long Term Objectives

The Club's long term objectives are:

- Build a stronger brand awareness and recognition in the Region for Club Lennox
- Enhance our perception in the community as a business of excellence with a focus on social, environment and economic responsibility.

Strategies

To achieve these objectives, the Club has adopted the following strategies:

- Develop appropriate financial model to support the objectives.
- Use targeted promotion of the Club, and a program to increase the profile in the wider community.
- Maintain and improve the bowling and social facilities where necessary.
- Ensure the roles of the existing stakeholders are co-ordinated.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

Information on Directors

- Pip Carter** — Director
- Experience — Current director since 9th October 2013
- Special Responsibilities — Chairperson

- Lindsay Clarke** — Director
- Experience — Current director since 9th October 2013
- Special Responsibilities — Treasurer

- Col Skennar** — Director
- Experience — Current director since 9th October 2013
- Special Responsibilities — Director

- Darel Vidler** — Director
- Experience — Current director since 9th October 2013
- Special Responsibilities — Director

- Kevin Watts** — Director
- Experience — Current director since 23rd November 2014
- Special Responsibilities — Director

- Paul Everingham** — Director
- Experience — Current director since 23rd November 2014
- Special Responsibilities — Director

- Neil Kennedy** — Director
- Experience — Current director since 23rd November 2014
- Special Responsibilities — Director

Company Secretary

Geoff Martin became the Company Secretary on 23 December 2013.

Meetings of Directors

During the financial year, 13 ordinary meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Pip Carter	13	9
Lindsay Clarke	13	12
Col Skennar	13	13
Darel Vidler	13	12
Kevin Watts	8	8
Paul Everingham	8	6
Neil Kennedy	8	7
David Hulme	5	5
Beth Heldt	5	4

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

Auditor's Independence Declaration

An independence declaration has been provided to the Directors by the auditor of Lennox Head Community Sport and Recreation Club Limited, MF Partners Chartered Accountants, and is attached to the Directors' report.

Signed in accordance with a resolution of the Directors.


Pip Carter
Chairperson


Lindsay Clarke
Treasurer

Signed at Lennox Head
28th September 2015

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF
LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED
ABN: 29 163 771 382**

In relation to our audit of the financial report of Lennox Head Community Sport and Recreation Club Limited for the year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

MF Partners Chartered Accountants



**Mark Charter
Partner**

28th September 2015

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
 PROFIT AND LOSS AND STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
Revenue	2	1,517,130	736,889
Other income	2	2,789	106,246
Employee benefits expense	3	(517,774)	(200,509)
Depreciation and amortisation expense	3	(37,048)	(3,512)
Finance costs	3	(4,391)	(3,248)
Bar cost of goods sold	3	(358,618)	(175,163)
Repairs & Maintenance	3	(74,856)	(48,371)
Rental expense	3	(11,436)	(5,406)
Audit expense	3	(6,980)	
Loss on Disposal of Assets	3		
Other expenses	3	(448,776)	(281,640)
Profit (Loss) before income tax		60,040	125,286
Income tax expense			
Profit (Loss) for the year		60,040	125,286
Other comprehensive income for the year			
Total comprehensive income for the year			
Profit (Loss) attributable to members of the entity		60,040	125,286
Total comprehensive income attributable to members of the entity		60,040	125,286

The accompanying notes form part of these financial statements.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	127,133	207,810
Trade and other receivables	5	5,740	5,110
Inventories	6	33,027	22,192
Other assets	7		
TOTAL CURRENT ASSETS		165,900	235,112
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,267,512	2,208,787
TOTAL NON-CURRENT ASSETS		2,267,512	2,208,787
TOTAL ASSETS		2,433,412	2,443,899
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	41,345	44,386
Subscriptions in advance	9		
Accrued expenses	10	2,024	41,000
Borrowings	11	36,152	60,000
Short term provisions	12	7,468	3,227
TOTAL CURRENT LIABILITIES		86,990	148,613
NON-CURRENT LIABILITIES			
Borrowings	11	1,096	10,000
Long term provisions	12		
TOTAL NON-CURRENT LIABILITIES		1,096	10,000
TOTAL LIABILITIES		88,086	158,613
NET ASSETS		2,345,326	2,285,286
EQUITY			
Retained earnings		185,326	125,286
Reserves		2,160,000	2,160,000
TOTAL EQUITY		2,345,326	2,285,286

The accompanying notes form part of these financial statements.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Retained Earnings	Revaluation Surplus	Match Committee Reserve	Cadets Reserve	Total
	\$	\$	\$		\$
Balance at 1 July 2013					
Profit (Loss) attributable to the entity	125,286				125,286
Revaluation of Buildings and Infrastructure Reserve added (utilised)		2,160,000			2,160,000
Total other comprehensive income for the year		2,160,000			2,160,000
Balance at 30 June 2014	125,286	2,160,000			2,285,286
Profit (Loss) attributable to the entity	60,040				60,040
Revaluation of Buildings and Infrastructure Reserve added (utilised)					
Total other comprehensive income for the year					
Balance at 30 June 2015	185,326	2,160,000			2,345,326

The accompanying notes form part of these financial statements

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and visitors		1,513,784	731,167
Payments to suppliers and employees		(1,467,051)	(626,945)
Interest received		2,716	1,927
Finance costs		(4,391)	(3,248)
Net cash provided by/(used in) operating activities	17(b)	45,058	102,901
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Payment for property, plant and equipment		(65,772)	(52,299)
Net cash provided by/(used in) investing activities		(65,772)	(52,299)
CASH FLOW FROM FINANCING ACTIVITIES			
Fundraising and contributions		2,789	104,931
Fundraising expenses		-	(17,723)
Repayment of borrowings		(59,050)	-
Increase in borrowings		26,304	70,000
Net cash provided by/(used in) financing activities		(29,963)	157,208
Net increase/(decrease) in cash held		(80,677)	207,810
Cash and cash equivalents at the beginning of the financial year		207,810	-
Cash and cash equivalents at the end of the financial year	17(a)	127,133	207,810

The accompanying notes form part of these financial statements.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

The financial statements are for Lennox Head Community Sport and Recreation Club Limited as an individual entity, incorporated and domiciled in Australia. Lennox Head Community Sport and Recreation Club Limited is a company limited

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the Australian Charities and Not-for-profit Commission Act 2012 and the Corporations Act 2001. Lennox Head Community Sports and Recreation Club Limited has elected to adopt the pronouncements AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 June 2010.

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

Lennox Head Community Sport and Recreation Club Limited is a not-for-profit entity.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

Accounting Policies

(a) Revenue

Donations and bequests are recognised as revenue when received.

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(b) Inventories

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

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

(c) Property, Plant and Equipment

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

Property

The land is leased from Ballina Shire Council. The buildings have been bought to account at 60% of the insured value of the building following the de-amaigamation from Ramsgate RSL Memorial Club in 2014.

In periods when the buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****Note 1 Summary of Significant Accounting Policies**

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of comprehensive income.

The revalued buildings are to be carried at fair value, with regular reassessment of the value, so hence no depreciation is charged

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Any plant and equipment acquired for less than \$2,000 are expensed immediately.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings	1-2%
Plant and Equipment	10-25%
Office Equipment	10-25%
Furniture and Fixings	10-25%
Poker Machines	10-25%
Motor Vehicles	10-25%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Leases

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

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****Note 1 Summary of Significant Accounting Policies****(a) Financial Instruments****Initial Recognition and Measurement**

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

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as

- (i) the amount at which the financial asset or financial liability is measured at initial recognition
- (ii) less principal repayments
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (iv) less any reduction for impairment.

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

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

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investment would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

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

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****Note 1 Summary of Significant Accounting Policies**

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Club assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

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

(f) Impairment of Assets

At the end of each reporting period, the Club reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the Club estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(g) Employee Benefits

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year 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 not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(h) Cash and Cash Equivalents

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

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

Note 1 Summary of Significant Accounting Policies

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Income Tax

No provision for income tax has been raised as the Club is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(k) Intangibles

Poker Machine Entitlements

Poker Machine Entitlements which have been acquired for nil cost have not had a value assigned to them. Due to the price volatility and the ability of government policy to dramatically affect the carrying value of the entitlements.

(l) Provisions

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

(m) Comparative Figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

(n) 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.

(o) Critical accounting estimates and judgments

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

Key Estimates

impairment

The buildings had their value assessed in 2014, which is based on 60% of the insured value of the building, and no change has been adopted in 2015.

(p) Economic Dependence

Lennox Head Community Sport and Recreation Club Limited is dependent on the current licencing and gaming rules for a significant portion of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the current licencing and gaming rules will not continue to be favourable for the Club.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

Note 2 Revenue and Other Income

	Note	2015 \$	2014 \$
Revenue			
— Advertising Income		2,227	2,227
— ATM Commissions		11,455	4,548
— Bar Sales		827,789	408,726
— Bows Income		35,427	21,990
— Clubhouse Income		9,700	2,047
— Commissions - TAB and Keno		42,562	12,478
— Coffee Shop Income		16,141	8,597
— Function Income		11,233	—
— Greens Maintenance Ramsgate		—	4,636
— Poker Machine Net Revenue		453,835	157,773
— Pool Table Income		113	214
— Raffle Income		40,466	57,957
— Rental Income		10,391	—
— Restaurant Income		—	3,341
— Subscriptions Members		32,553	52,829
— Sky Rebate		5,000	500
— Vouchers Sold		852	220
— Wages Subsidy		6,503	—
— Other		8,157	—
		<u>1,514,414</u>	<u>734,962</u>
Other Revenue			
— Dividends received		—	—
— Interest received on financial assets not at fair value through profit or loss		2,716	1,927
		<u>2,716</u>	<u>1,927</u>
Total Revenue		<u>1,517,130</u>	<u>736,889</u>
Other Income			
Gain on disposal of property, plant and equipment		—	1,315
Contribution for Capital Assets - Ramsgate		—	17,900
Contribution from Incorporated Association		—	43,214
Donations		—	15,781
Fundraising Income		2,789	28,936
Total Other Income		<u>2,789</u>	<u>106,246</u>
Total Revenue and Other Income		<u>1,519,919</u>	<u>843,135</u>

Note 3 Expenses

	2015 \$	2014 \$
(a) Expenses		
Depreciation and Amortisation	37,048	35,122
Total Depreciation and Amortisation	<u>37,048</u>	<u>35,122</u>
Interest expense on financial liabilities not at fair value through profit or loss	4,391	3,248
Doubtful debts expense	—	—
Loss on disposal of non-current assets	—	—
Auditor Remuneration		
— audit services	—	—
— other services	6,980	—
Total Audit Remuneration	<u>6,980</u>	<u>—</u>

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 183 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

Note 3	Expenses	2015	2014
		\$	\$
	Employee Benefit Expense	617,774	200,509
	Rental payments	11,436	5,405
	Bar Cost of Goods Sold	358,918	175,163
	Repairs & Maintenance	74,856	48,371
	Advertising	49,474	13,110
	Bingo and Trivia	17,055	1,779
	Computer Expenses	2,988	3,042
	Club Activities	7,647	4,078
	Consultancy and Contractors	100	3,536
	Cleaning	6,462	4,426
	Directors Expenses	20	1,119
	Electricity & Gas	46,165	41,416
	Fees, Permits and Subscriptions	24,016	10,946
	Functions Expenses	9,935	0
	Fundraising Expenses	0	17,723
	Insurance	45,227	22,217
	Kitchen Costs	8,825	4,285
	Keno & TAB Costs	11,331	3,950
	Legal Expenses	809	41,959
	Minor Equipment Purchases	19,599	22,805
	Members Benefits	656	545
	Motor Vehicle Costs	3,994	14
	Music, Entertainment and Amenities	63,851	26,519
	Office Expenses	10,600	7,001
	Raffles and Promotion	49,793	18,594
	Rates & Water	21,667	6,855
	Restaurant Expenses	0	2,495
	Sky Channel	17,914	6,528
	Security	9,737	5,678
	Sponsorship	4,866	3,000
	Telephones/ Internet	5,355	4,893
	Voucher Expenses	3,710	0
	Other	7,070	3,315
	Total Other Expenses	<u>448,776</u>	<u>281,640</u>
Note 4	Cash and Cash Equivalents		
		2015	2014
		\$	\$
	CURRENT		
	Cash at bank	84,012	168,876
	Cash on Hand	43,121	38,934
		<u>127,133</u>	<u>207,810</u>

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

Note	Trade and Other Receivables	Note	2015 \$	2014 \$
	CURRENT			
	Trade receivables		740	110
	Provision for impairment	(15(i))	740	110
	EFIPPOS Receivable			
	Other receivables		5,000	5,000
	Total current trade and other receivables	18	<u>5,740</u>	<u>5,110</u>

(i) Provision for Impairment of Receivables

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:

	\$
Provision for impairment as at 1 July 2013	
- Charge for year	
- Written off	
Provision for impairment as at 30 June 2014	
- Charge for year	
- Written off	
Provision for impairment as at 30 June 2015	

Credit risk - Trade and Other Receivables

The Club does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Club.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30	31-60	61-90	>90	
2015							
Trade and term receivables	740						740
Other receivables	5,000						5,000
Total	5,740						5,740
2014							
Trade and term receivables	110						110
Other receivables	5,000						5,000
Total	5,110						5,110

The Club does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 183 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

Note 6 Inventories

	2015	2014
	\$	\$
CURRENT		
At cost		
Bar Stock	33,027	22,192
	<u>33,027</u>	<u>22,192</u>
At current replacement cost		
Bar Stock	60,049	40,349
	<u>60,049</u>	<u>40,349</u>

Note 7 Other Assets

	2015	2014
	\$	\$
CURRENT		
Accrued Income		
Prepayments		

Note 8 Property, Plant and Equipment

	2015	2014
	\$	\$
LAND AND BUILDINGS		
Buildings & Improvements at fair value:		
— Buildings at Directors Valuation - 2014	2,160,000	2,160,000
— Buildings at Cost		
Less accumulated depreciation	(21,600)	
Total buildings	<u>2,138,400</u>	<u>2,160,000</u>
Total land and buildings	<u>2,138,400</u>	<u>2,160,000</u>
PLANT AND EQUIPMENT		
Plant & Equipment		
At cost	72,685	11,367
Less accumulated depreciation	(4,420)	(1,055)
	<u>68,265</u>	<u>10,312</u>
Office Equipment		
At cost	3,299	2,752
Accumulated depreciation	(550)	(255)
	<u>2,749</u>	<u>2,497</u>
Furniture and Equipment		
At cost	38,180	38,180
Less accumulated depreciation	(6,612)	(2,192)
	<u>31,568</u>	<u>35,988</u>
Poker Machines		
At cost	26,304	
Less accumulated depreciation	(3,481)	
	<u>22,823</u>	<u>-</u>
Motor Vehicles		
At cost	4,091	
Less accumulated depreciation	(384)	
	<u>3,707</u>	<u>-</u>
Total plant and equipment	<u>129,112</u>	<u>48,787</u>
Total property, plant and equipment	<u>2,267,512</u>	<u>2,208,787</u>

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

Note 8 Property, Plant and Equipment

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

	Buildings \$	Plant, Furniture and Equipment \$	Motor Vehicles \$	Poker Machines \$	Total \$
2014					
Balance at the beginning of the year					
Additions at cost		52,299			52,299
Transfers between categories					
Disposals					
Revaluation increment	2,160,000				2,160,000
Depreciation expense		(3,512)			(3,512)
Carrying amount at end of year	2,160,000	48,787			2,208,787
2015					
Balance at the beginning of the year	2,160,000	48,787			2,208,787
Additions at cost		65,378	4,091	26,304	95,773
Revaluation					
Disposals					
Depreciation expense	(21,600)	(11,582)	(385)	(3,481)	(37,048)
Carrying amount at end of year	2,138,400	102,583	3,706	22,823	2,267,512

Poker Machine Entitlements

As at 30 June 2015 the Club holds 29 poker machine entitlements, of which 29 are in use currently. The entitlements in certain circumstances can be traded, with government regulation controlling this process. With the uncertainty in valuing the entitlements due to changes in government laws, and the potential for pre-commitment technology impacting this further, the entitlements have continued to be carried at nil.

Asset revaluations

The buildings were valued in 2014 by the Directors. The valuation was based using 60% of the insured value. The land is leased from Ballina Shire Council. No consideration was paid by the Club for the Buildings and Infrastructure and the fair value model is used whereby frequent revaluations are used to ensure the assets are carried at fair value.

Note 9 Trade and Other Payables

	2015 \$	2014 \$
CURRENT		
Trade creditors	30,878	33,375
Other current payables	10,467	11,011
	41,345	44,386

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

Note 9	Trade and Other Payables	Note	2015 \$	2014 \$
(a) Financial liabilities at amortised cost classified as trade and other payables				
	Trade and other payables			
	— Total Current		41,345	44,386
	— Total Non-Current		<u>41,345</u>	<u>44,386</u>
	Less deferred income			
	Less annual leave entitlements			
	Financial liabilities as trade and other payables	10	<u>41,345</u>	<u>44,386</u>
Note 10 Accrued Expenses				
	Accrued Expenses		2,024	41,000
			<u>2,024</u>	<u>41,000</u>
Note 11 Borrowings				
		Note	2015 \$	2014 \$
CURRENT				
	Members Loans	13	12,000	52,000
	Lady Bowlers - RSL Contribution		3,000	*
	Mens Bowlers - RSL Contribution		9,000	8,000
	Hire Purchase Liability		<u>13,152</u>	<u>60,000</u>
			<u>36,152</u>	<u>60,000</u>
NON-CURRENT				
	Members Loans	13		10,000
	Hire Purchase Liability		<u>1,096</u>	<u>10,000</u>
			<u>1,096</u>	<u>10,000</u>
	TOTAL BORROWINGS	18	<u>37,248</u>	<u>70,000</u>
	The loans are unsecured.			-
Note 12 Provisions				
CURRENT				
	Short-term Employee Benefits		5	5
	— Opening balance at 30 June 2014		3,227	14,036
	— Additional provisions raised during year		36,244	(10,809)
	— Amounts used		<u>(32,003)</u>	<u>(10,809)</u>
	— Balance at 30 June 2015		<u>7,468</u>	<u>3,227</u>
			<u>7,468</u>	<u>3,227</u>
Analysis of Total Provisions				
	Current		5	5
	— Current		7,468	3,227
	— Non-current		<u>7,468</u>	<u>3,227</u>

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

Note 13 Capital and Leasing Commitments

(a) Finance Lease Commitments	2015	2014
Payable – minimum lease payments	\$	\$
— not later than 12 months	13,152	13,152
— later than 12 months but not later than 5 years	1,096	1,096
— greater than 5 years	—	—
Minimum lease payments	<u>14,248</u>	<u>14,248</u>
Less future finance charges	<u>(1,096)</u>	<u>(1,096)</u>
Present value of minimum lease payments	<u>13,152</u>	<u>13,152</u>

The leased assets will be fully owned at the end of the lease period

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable – minimum lease payments	2015	2014
— not later than 12 months	\$	\$
— later than 12 months but not later than 5 years	—	—
— greater than 5 years	—	—

Note 14 Contingent Liabilities and Assets

2015	2014
\$	\$

The directors are not aware of any contingent assets or liabilities at the date of signing this report.

Note 15 Events After the Reporting Period

Since the end of the financial year no matter or circumstance has arisen which significantly affected or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club in subsequent financial years.

Note 16 Related Party Transactions

No related party transactions were noted for the year.

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

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 17 Cash Flow Information

	Note	2015 \$	2014 \$
(a) Reconciliation of cash			
Cash at bank		127,133	207,810
Bank Overdraft		<u>127,133</u>	<u>207,810</u>
(b) Reconciliation of cash flow from operations with profit after income tax			
Profit (loss) after income tax		60,040	125,286
Non cash flows			
Depreciation and amortisation		37,048	3,512
Net Fundraising Income		(2,789)	(87,206)
Profit on sale of property, plant and equipment			
Loss on sale of property, plant and equipment			
Change in assets and liabilities			
(Increase)/decrease in trade and other receivables		(630)	(5,110)
Increase/(decrease) in trade and other payables		(42,017)	85,386
Increase/ (decrease) in reserves			
Increase/ (decrease) in provisions		4,241	3,227
(Increase)/decrease in inventories		(10,835)	(22,192)
(Increase)/decrease in prepayments		<u>45,058</u>	<u>102,901</u>

Note 18 Financial Risk Management

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

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

	Note	2015 \$	2014 \$
Financial Assets			
Cash and cash equivalents	4	127,133	207,810
Receivables	5	740	110
Total Financial Assets		<u>127,873</u>	<u>207,920</u>
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	9	30,878	33,375
— Borrowings	11	37,248	70,000
Total Financial Liabilities		<u>68,126</u>	<u>103,375</u>

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

Note 19 Capital Management

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised. The executive committee ensures that the overall risk management strategy is in line with this objective:

The executive committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets:

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The strategy of the entity is to maintain a gearing ratio below 10%.

The gearing ratios for the years ended 30 June 2015 and 30 June 2014 are as follows:

	Note	2015 \$	2014 \$
Total borrowings	11	37,248	70,000
Total equity (reserves + retained earnings)		2,345,326	2,285,286
Gearing ratio		1.6%	3.1%

Note 20 Reserves

a. Revaluation Surplus

The revaluation surplus records the revaluations of non-current assets. Where revaluations are deemed to represent profits of a permanent nature, dividends may be declared from this surplus.

Note 21 Entity Details

The registered office of the entity is:

Lennox Head Community Sport and Recreation Club Limited
10 Stewart Street
LENNOX HEAD NSW 2478

The principal place of business is:

Lennox Head Community Sport and Recreation Club Limited
10 Stewart Street
LENNOX HEAD NSW 2478

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

Note 22 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstandings and obligations of the entity. At 30 June 2015 the number of members is 2652 (2014: 3522)

4.1. Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED
ABN: 29 163 771 382
DIRECTORS' DECLARATION**

in accordance with a resolution of the Directors of Lennox Head Community Sport and Recreation Club Limited, I state that:


in the opinion of the Directors:

- (a) the financial statements and notes of the Fund are in accordance with the Corporations Act 2001 and Australian Charities and No-for-profit Commission Act 2012, including:
 - (i) Giving a true and fair view of the Fund's financial position as at 30 June 2015 and of its performance for the year ended on that date;
 - (ii) Complying with the Accounting Standards and *Corporations Regulations 2001*.
- (b) 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.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.



Pip Carter
Chairperson



Lindsay Clarke
Treasurer

Signed at Lennox Head
28th September 2015

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED**

We have audited the accompanying financial statements of Lennox Head Community Sport and Recreation Club Limited, which comprises the statement of financial position as at 30 June 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

The Responsibility of the Directors for the Financial Statements

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Lennox Head Community Sport and Recreation Club Limited on 28th September 2015, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lennox Head Community Sport and Recreation Club Limited as at 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards-reduced disclosure requirements (including the Australian Accounting Interpretations) as described in Note 1, the Australian Charities and Not-for-profit Commission Act 2012 and the Corporations Regulations 2001.

Name of Firm: MF Partners Chartered Accountants

Name of Partner: Mark Charter

Address: 95 Tarnar St Ballina NSW 2478.

Dated this 28th September 2015.

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental



CLUB LENNOX STRATEGIC PLANNING OUTCOMES 2014/2015

Lennox Head Community Sports and Recreation Club Limited t/a Club Lennox
PO Box 422 Lennox Head NSW 2478 - info@clublennox.com.au - www.clublennox.com.au - 02 6687 4313
ABN 29 163 771 382

LENNOX HEAD PHARMACY
your first pharmacy

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental



Club Objectives

- Maintain a functioning and profitable club operation with planned growth via the many community groups in the town
- To become the main location for community Groups in Lennox Head (business functions, commercial and social gatherings), including assessing their needs and assisting in working out ways to meet these for the benefit of both groups
- Assess the possibility of reciprocal rights with other clubs (may include members, promotions and events)
- Become the hub for all sporting groups that use the club for their various club activities and special events
- Continue to grow the promotional and entertainment program that has a focus on a variety of events, use the local media outlets for promotion and using the members electronic connections to keep them informed
- Continue to develop a knowledgeable board that has the abilities to manage the club and this may include additional training as needed
- Ensure that the club maintains friendly staff in all interactions with members
- Ensure that the club always maintains a focus on quality food being provided via the restaurant for dining and the various activities that are conducted
- Look at additional membership categories including say a five year membership
- Look for ways to promote additional children's activities within the club (games rooms, crèche etc.)
- Assess ways to develop a functions area for meetings and smaller activities
- Continue to ensure that regular communication is maintained to all members to ensure that all events are fully known to members (this includes some written communication within the club each month- even a one page flyer)
- Advertising Board western end of Club
- Straighten path to make the east end area either outdoor or enclosed

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4.1 Lennox Head Community Sports and Recreation Club - Lease Rental



Community Suggestions

- Alignment of the vision and plans for all social and sporting groups
- Website role expanded to include all sub clubs and even extend to booking in for bowls and other events
- Members draws, look at viability
- Poker machines, card system and upgrade progressively
- BBQ facilities for special occasions (outdoor based only) and or on days when restaurant not opened
- Comfortable seating (expand the lounges) and quiet areas
- Ice cream trolley
- Beer garden area with outdoor decking, maybe a different entrance not only from restaurant. Look at shade sails and or retractable roofing
- Glass bi-fold doors for selected sites opening onto greens area
- Better use of the area between the greens using small tables and chairs for family groups (barefoot bowls), drinks, music (light only), alfresco tables and chairs in front of club for outdoor seating
- Use of greens for special events and using special green covering sheets and boards
- Functions room an opening up a portion of the unused rooms at the western end of the club (and locker rooms)
- Upgrade the front entrance (can we go out a bit onto path and bi-fold doors)
- Big board outside of club to show that the club is home to.... the many groups using the club
- Link in with bus groups (to gain at least 1 weekly visit for meals, social etc.)
- Link in with Landcare and other groups

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4.1 Lennox Head Community Sports and Recreation Club - Lease Rental



Community Suggestions cont'd

- A results board for all sporting groups to be updated by each group weekly, daily or whatever is needed.
- Maintain the community involvement
- Attract weddings, birthdays and other functions for smaller groups (say 50/60 people), develop the function room to handle this capacity
- Honour board for all sporting groups in one designated area
- Children's facilities for the older teenager (X boxes etc.)
- Friendly atmosphere- focus on members
- Food quality
- Space where groups can meet
- Open beer garden
- Growth- develop a ten year plan for this site and also potentially additional sites
- Car raffles each year to boost reserves for future growth
- Sports personality of the year
- Community person of the year (and event) impartial and all groups can nominate people with an impartial judge selection process
- Club to raise funds for rescue helicopter and or other fund raising activities and maybe different to other mainstream fund raising
- Dress up club and staff for special events , Easter, St Patricks Day, Australia Day, surf rescue
- Lights on bowling green (try to gather poles from other clubs that have folded)
- Celebrate success days
- Rest estate auctions in Club
- Antique fairs
- Toy displays
- Travel displays

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LENNOX HEAD PHARMACY
LENNOX HEAD PHARMACY

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental



Community Suggestions cont'd

- **Cooking demonstrations**
 - Celebrate open day for Club Lennox – say in February yearly and special events
 - Good news stories in newspaper
- **Sportsman lunches**
- **Happy hour Mon Tue 4/5 or 5/6pm**
- **More sponsorship**
- **Art exhibitions**
- **Market days at the club**
- **Link in with Country Music festival**
- **Link in with Love Lennox and promote this activity for more club activity (say giveaways)**
- **Food and wine festival (using food from the restaurant, just served in a different manner, say outside and around the greens**

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MINUTES OF THE COMMERCIAL SERVICES COMMITTEE MEETING
OF THE BALLINA SHIRE COUNCIL
HELD IN THE BALLINA SHIRE COUNCIL CHAMBERS
40 CHERRY STREET, BALLINA,
ON 17/11/15 AT 4.00 PM

4. Committee Reports

4.1 Lennox Head Community Sports and Recreation Club - Lease Rental

RECOMMENDATION

(Cr Ben Smith/Cr Paul Worth)

That Council not agree to the Lennox Head Community Sports Club's request that the rental payable be reduced to 20% of the scheduled rent for the remaining term of the five year rental discount agreement expiring on 31 December 2018, as the 50% proposed from Year 3 onwards is already a significant reduction and is similar to the community service recognition provided by Council for other fees and charges for community groups.

FOR VOTE - Cr Keith Johnson, Cr Susan Meehan, Cr Ken Johnston, Cr Paul Worth and Cr Ben Smith

AGAINST VOTE - Cr David Wright and Cr Jeff Johnson

ABSENT. DID NOT VOTE - Cr Sharon Cadwallader, Cr Keith Williams and Cr Robyn Hordern

4.2 Richmond Christian College Association - Cycleway

RECOMMENDATION

(Cr Paul Worth/Cr Ben Smith)

That based on the contents of this report Council grants permission to Ballina Christian Education Association to construct a cycleway link across Council operational land located at Lot 386 DP 414615 and Part Lot 114 DP 755684 (the Gallens Road Site) Gallens Road, Ballina as per the plan attached to this report prepared by Granatelli & Stone.

FOR VOTE - All Councillors voted unanimously.

ABSENT. DID NOT VOTE - Cr Sharon Cadwallader, Cr Keith Williams and Cr Robyn Hordern

**LENNOX HEAD COMMUNITY SPORT AND RECREATION
CLUB LIMITED**

ABN 29 163 771 382

Financial Report For The Year Ended
30 June 2018

**Lennox Head Community Sport and Recreation Club
Limited**

ABN 29 163 771 382

**Financial Report For The Year Ended
30 June 2018**

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LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED
ABN: 29 163 771 382
REPORT OF THE DIRECTORS'

The Directors of Lennox Head Community Sport and Recreation Club Limited (ABN 29 163 771 382 (the Club), submit their report for the company for the year ended 30 June 2018.

Directors

The names of the Directors of the Club in office during the financial year and until the date of this report are:

Pip Carter	Chairperson
Col Skennar	
Kevin Watts	
Paul Everingham	
David Hulm	(appointed 3/12/17)
Lindsay Clarke	(appointed 3/12/17)
Kym Lawler	(appointed 25/6/18)
John Nasser	(resigned 3/12/17)
Berenice Roberts	(resigned 3/12/17)
Darel Vidler	(resigned 28/5/18)

The Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

Principal Activities

The principal activities of the Club during the financial year have been the operation of a licenced bowls and sports club. There have been no significant changes in the nature of those activities during the financial year.

Short Term Objectives

The Club's short term objectives are:

- Provide a first class sporting and entertainment venue for the Lennox Head community.
- Establish a strong and viable revenue base that will support the ongoing sustainability of the Lennox Head Community Sports and Recreation Club Limited.
- Grow existing membership and enhance the facilities for both members and visitors alike.
- Maximise the Clubhouse facilities to increase our capacity to access new markets in functions and hospitality and leisure.
- Encourage, recognise, value the contribution of all volunteers within the Club.

Long Term Objectives

The Club's long term objectives are:

- Build a stronger brand awareness and recognition in the Region for Club Lennox.
- Enhance our perception in the community as a business of excellence with a focus on social, environment and economic responsibility.

Strategies

To achieve these objectives, the Club has adopted the following strategies:

- Develop appropriate financial model to support the objectives.
- Use targeted promotion of the Club, and a program to increase the profile in the wider community.
- Maintain and improve the bowling and social facilities where necessary.
- Ensure the roles of the existing stakeholders are co-ordinated.

Information on Directors

Pip Carter	Director
Experience	Current director since 9th October 2013
Background	Member "A" Ward Advisory Committee, Chairman ALS Far North Coast Board.
Special Responsibilities	Chairperson
Col Skennar	Director
Experience	Current director since 9th October 2013
Background	Self Employed Earthmoving Contractor and Farmer. Active within the Mens Bowls Club
Special Responsibilities	Vice Chairperson
Kevin Watts	Director
Experience	Current director since 9th October 2014
Background	Retired Engineer and Accountant. Also actively involved in lawn bowls administration.
Special Responsibilities	Treasurer
Paul Everingham	Director
Experience	Current director since 23rd November 2014
Background	Self Employed Businessman. Paul is also very active in the Lennox Head Cricket Club.
Special Responsibilities	Secretary
David Hulm	Director
Experience	Current director since 3rd December 2017
Background	22 years Commonwealth Bank Achieving Bank Manager Status. 23 years self employed Lennox Head Milko. 1 Year School Crossing Supervisor Lennox Primary.
Special Responsibilities	Director
Lindsay Clarke	Director
Experience	Current director since 3rd December 2017
Background	Formerly a staff member of Westpac Banking Corp for 33 years and has Branch and Administrative roles mostly in Western New South Wales. Casual Academic with Southern Cross University for 15 years until 2015. Community member in many organisations during the past 50 years. Have an Accounting Diploma plus a Master of Business Administration.
Special Responsibilities	Director
Kym Lawler	Director
Experience	Current director since 25th June 2018
Background	25 years banking experience (ex Westpac/ St George and currently Summerland Credit Union). Certificate III in Financial Services, Certificate IV in Banking Services, Diploma of Banking Services Management, Diploma of Management, RG146 Tier 1 General Advice Accreditation and Certificate IV in Business Frontline Management.
Special Responsibilities	Director
Company Secretary	
Geoff Martin was the Company Secretary until 21/9/18, when Glen Lloyd became Company Secretary.	

Meetings of Directors

During the financial year, 13 ordinary meetings of directors were held. Attendances by each director during the year were as follows:

Directors' Meetings	
Number eligible to attend	Number attended
Pip Carter	13
Col Skennar	13
Kevin Watts	13
Paul Everingham	13
David Hulm	7
Lindsay Clarke	7
Kym Lawler	-
John Nasser	6
Berenice Roberts	6
Darel Vidler	12

Auditor s Independence Declaration

An independence declaration has been provided to the Directors by the auditor of Lennox Head Community Sport and Recreation Club Limited, MF Partners Chartered Accountants, and is attached to the Directors report.

Signed in accordance with a resolution of the Directors.

Pip Carter
Chairperson

Kevin Watts
Treasurer

Signed at Lennox Head
19th October 2018

**AUDITOR S INDEPENDENCE DECLARATION TO THE DIRECTORS OF
LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED
ABN: 29 163 771 382**

In relation to our audit of the financial report of Lennox Head Community Sport and Recreation Club Limited for the year ended 30 June 2018, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

MF Partners Chartered Accountants

Mark Charter
Partner

19th October 2018

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
PROFIT AND LOSS AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue	2	2,386,852	1,832,734
Other income	2	16,703	55,848
Employee benefits expense	3	(1,008,990)	(737,050)
Finance costs	3	(3,182)	(4,075)
Bar cost of goods sold	3	(461,830)	(389,401)
Repairs & Maintenance	3	(77,676)	(63,062)
Rental expense	3	(24,433)	(22,293)
Audit expense	3	(7,290)	(7,080)
Loss on Disposal of Assets	3	-	(2,919)
Other expenses	3	(813,793)	(611,055)
Net Profit (loss) before depreciation and income tax		6,361	51,647
Depreciation and amortisation expense	3	(82,630)	(72,181)
Profit (Loss) before income tax		(76,269)	(20,534)
Income tax expense		-	-
Profit (Loss) for the year		(76,269)	(20,534)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-
Profit (Loss) attributable to members of the entity		(76,269)	(20,534)
Total comprehensive income attributable to members of the entity		(76,269)	(20,534)

The accompanying notes form part of these financial statements.

10.7 Lennox Head Community Sports and Recreation Club - Rent Relief.DOC

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	104,789	207,542
Trade and other receivables	5	19,254	6,529
Inventories	6	38,771	38,317
Other assets	7	-	500
TOTAL CURRENT ASSETS		<u>162,814</u>	<u>252,888</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,294,191	2,302,823
TOTAL NON-CURRENT ASSETS		<u>2,294,191</u>	<u>2,302,823</u>
TOTAL ASSETS		<u>2,457,005</u>	<u>2,555,711</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	75,336	83,643
Subscriptions in advance	9	5,015	4,178
Accrued expenses	10	721	4,809
Borrowings	11	45,845	47,734
Short term provisions	12	19,851	23,082
TOTAL CURRENT LIABILITIES		<u>146,768</u>	<u>163,446</u>
NON-CURRENT LIABILITIES			
Borrowings	11	46,361	52,120
Long term provisions	12	-	-
TOTAL NON-CURRENT LIABILITIES		<u>46,361</u>	<u>52,120</u>
TOTAL LIABILITIES		<u>193,129</u>	<u>215,566</u>
NET ASSETS		<u>2,263,876</u>	<u>2,340,145</u>
EQUITY			
Retained earnings		103,876	180,145
Reserves		2,160,000	2,160,000
TOTAL EQUITY		<u>2,263,876</u>	<u>2,340,145</u>

The accompanying notes form part of these financial statements.

10.7 Lennox Head Community Sports and Recreation Club - Rent Relief.DOC

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018**

	Retained Earnings	Revaluation Surplus	Match Committee Reserve	Cadets Reserve	Total
	\$	\$	\$		\$
Balance at 1 July 2016	200,679	2,160,000	-	-	2,360,679
Profit (Loss) attributable to the entity	(20,534)	-	-	-	(20,534)
Revaluation of Buildings and Infrastructure Reserve added (utilised)	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2017	180,145	2,160,000	-	-	2,340,145
Profit (Loss) attributable to the entity	(76,269)	-	-	-	(76,269)
Revaluation of Buildings and Infrastructure Reserve added (utilised)	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2018	103,876	2,160,000	-	-	2,263,876

The accompanying notes form part of these financial statements.

10.7 **Lennox Head Community Sports and Recreation Club - Rent Relief.DOC**

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and visitors		2,374,753	1,835,615
Payments to suppliers and employees		(2,409,592)	(1,795,879)
Interest received		211	282
Finance costs		(3,182)	(4,075)
Net cash provided by/(used in) operating activities	17(b)	<u>(37,810)</u>	<u>35,943</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	43,385
Payment for property, plant and equipment		(45,533)	(19,355)
Net cash provided by/(used in) investing activities		<u>(45,533)</u>	<u>24,030</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Fundraising and contributions		16,703	11,848
Fundraising expenses		-	-
Repayment of borrowings		(36,113)	(33,248)
Increase in borrowings		-	-
Net cash provided by/(used in) financing activities		<u>(19,410)</u>	<u>(21,400)</u>
Net increase/(decrease) in cash held		(102,753)	38,573
Cash and cash equivalents at the beginning of the financial year		207,542	168,969
Cash and cash equivalents at the end of the financial year	17(a)	<u>104,789</u>	<u>207,542</u>

The accompanying notes form part of these financial statements.

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

The financial statements are for Lennox Head Community Sport and Recreation Club Limited as an individual entity, incorporated and domiciled in Australia. Lennox Head Community Sport and Recreation Club Limited is a company limited

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the *Australian Charities and Not-for-profit Commission Act 2012* and the *Corporations Act 2001*. Lennox Head Community Sports and Recreation Club Limited has elected to adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

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

Lennox Head Community Sport and Recreation Club Limited is a not-for-profit entity.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

Accounting Policies

(a) Revenue

Donations and bequests are recognised as revenue when received.

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(b) Inventories

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

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

(c) Property, Plant and Equipment

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

Property

The land is leased from Ballina Shire Council. The buildings have been bought to account at 60% of the insured value of the building following the de-amalgamation from Ramsgate RSL Memorial Club in 2014.

In periods when the buildings are not subject to an independent valuation, the directors conduct directors valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

Note 1 Summary of Significant Accounting Policies

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of comprehensive income.

The revalued buildings are to be carried at fair value, with regular reassessment of the value, so hence no depreciation is charged.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued recognised at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Any plant and equipment acquired for less than \$2,000 are expensed immediately.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings	1-2%
Plant and Equipment	10-25%
Office Equipment	10-25%
Furniture and Fittings	10-25%
Poker Machines	10-25%
Motor Vehicles	10-25%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Leases

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

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1 Summary of Significant Accounting Policies

(e) Financial Instruments

Initial Recognition and Measurement

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

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as

- (i) the amount at which the financial asset or financial liability is measured at initial recognition
- (ii) less principal repayments
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (iv) less any reduction for impairment.

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

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

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investment would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

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

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1 Summary of Significant Accounting Policies

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Club assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

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

(f) Impairment of Assets

At the end of each reporting period, the Club reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the Club estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(g) Employee Benefits

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year 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 not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(h) Cash and Cash Equivalents

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

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1 Summary of Significant Accounting Policies

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Income Tax

No provision for income tax has been raised as the Club is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(k) Intangibles

Poker Machine Entitlements

Poker Machine Entitlements which have been acquired for nil cost have not had a value assigned to them. Due to the price volatility and the ability of government policy to dramatically affect the carrying value of the entitlements,

(l) Provisions

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

(m) Comparative Figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

(n) 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.

(o) Critical accounting estimates and judgments

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

Key Estimates

Impairment

The buildings had their value assessed in 2014, which is based on 60% of the insured value of the building, and no change has been adopted in 2018.

(p) Economic Dependence

Lennox Head Community Sport and Recreation Club Limited is dependent on the current licencing and gaming rules for a significant portion of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the current licencing and gaming rules will not continue to be favourable for the Club.

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 2 Revenue and Other Income

	Note	2018 \$	2017 \$
Revenue			
Advertising Income		-	-
ATM & Snack Commissions		17,765	17,126
Bar Sales		1,038,478	907,847
Bingo Income		8,945	7,917
Bowls Income		34,194	32,968
Christmas Tree Income		6,145	-
Clubhouse Income (including restaurant and		-	-
Commissions - TAB and Keno		38,839	40,297
Coffee Shop Income		13,325	13,526
Poker Machine Net Revenue		452,994	370,707
Raffle Income		43,151	42,699
Restaurant Function Income		72,220	56,808
Restaurant Income		632,049	316,433
Subscriptions Members		24,634	25,362
Sky Rebate		500	-
Other		3,402	762
		<u>2,386,641</u>	<u>1,832,452</u>
Other Revenue			
Dividends received		-	-
Interest received on financial assets not at fair value through profit or loss		211	282
		<u>211</u>	<u>282</u>
Total Revenue		<u>2,386,852</u>	<u>1,832,734</u>
Other Income			
Gain on disposal of property, plant and equipment		-	44,000
Donations		-	-
Fundraising and Sponsorship Income		16,703	11,848
Total Other Income		<u>16,703</u>	<u>55,848</u>
Total Revenue and Other Income		<u>2,403,555</u>	<u>1,888,582</u>

Note 3 Expenses

	2018 \$	2017 \$
(a) Expenses		
Depreciation and Amortisation	82,630	72,181
Total Depreciation and Amortisation	<u>82,630</u>	<u>72,181</u>
Interest expense on financial liabilities not at fair value through profit or loss	3,182	4,075
Doubtful debts expense	-	-
Loss on disposal of non-current assets	-	2,919
Auditor Remuneration		
audit services	7,290	7,080
other services	-	-
Total Audit Remuneration	<u>7,290</u>	<u>7,080</u>

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 3	Expenses	2018	2017
		\$	\$
	Employee Benefit Expense	1,008,990	737,050
	Rental payments	24,433	22,293
	Bar Cost of Goods Sold	461,830	389,401
	Repairs & Maintenance	77,676	63,062
	Advertising	25,777	32,265
	Bingo and Trivia	19,694	20,875
	Christmas Tree Purchases	4,032	0
	Computer Expenses	4,515	8,099
	Club Activities	8,855	13,894
	Consultancy and Contractors	11	225
	Cleaning	19,807	15,244
	Directors Expenses	2,040	0
	Electricity & Gas	56,323	43,284
	Fees, Permits and Subscriptions	36,091	36,684
	Functions Expenses	1,275	19,019
	Fundraising Expenses	0	0
	Insurance	44,490	30,132
	Kitchen Costs	29,962	27,237
	Keno & TAB Costs	16,363	9,706
	Legal Expenses	0	0
	Minor Equipment Purchases	16,415	13,202
	Members Benefits	16,385	11,406
	Motor Vehicle Costs	1,921	1,761
	Music, Entertainment and Amenities	67,604	54,276
	Office Expenses	5,644	6,522
	Raffles and Promotion	52,773	53,560
	Rates & Water	22,519	22,497
	Restaurant Cost of Goods Sold	309,994	140,453
	Sky Channel	18,419	15,878
	Security	10,235	11,119
	Sponsorship	5,336	9,839
	Telephone/ Internet	5,477	5,006
	Voucher Expenses	2,995	1,729
	Other	8,841	7,143
	Total Other Expenses	<u>813,793</u>	<u>611,055</u>

Note 4 **Cash and Cash Equivalents**

	2018	2017
	\$	\$
CURRENT		
Cash at bank	64,939	164,018
Cash on Hand	39,850	43,524
	<u>104,789</u>	<u>207,542</u>

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

Note 5 Trade and Other Receivables

	Note	2018 \$	2017 \$
CURRENT			
Trade receivables		934	809
Provision for impairment	5(i)	-	-
		<u>934</u>	<u>809</u>
EFTPOS Receivable			
Other receivables		-	-
		<u>18,320</u>	<u>5,720</u>
Total current trade and other receivables	18	<u><u>19,254</u></u>	<u><u>6,529</u></u>

(i) Provision for Impairment of Receivables

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:

	\$
Provision for impairment as at 1 July 2016	-
- Charge for year	-
- Written off	-
Provision for impairment as at 30 June 2017	-
- Charge for year	-
- Written off	-
Provision for impairment as at 30 June 2018	<u><u>-</u></u>

Credit risk - Trade and Other Receivables

The Club does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as past due when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Club.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31 60 \$	61 90 \$	>90 \$	
2018							
Trade and term receivables	934	-	-	-	-	-	934
Other receivables	18,320	-	-	-	-	-	18,320
Total	<u><u>19,254</u></u>	-	-	-	-	-	<u><u>19,254</u></u>

	Gross Amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31 60 \$	61 90 \$	>90 \$	
2017							
Trade and term receivables	809	-	-	-	-	-	809
Other receivables	5,720	-	-	-	-	-	5,720
Total	<u><u>6,529</u></u>	-	-	-	-	-	<u><u>6,529</u></u>

The Club does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 6 Inventories

	2018	2017
	\$	\$
CURRENT		
At cost		
Bar and Kitchen Stock	38,771	38,317
	<u>38,771</u>	<u>38,317</u>
At current realisable value		
Bar and Kitchen Stock	70,493	69,667
	<u>70,493</u>	<u>69,667</u>

Note 7 Other Assets

	2018	2017
	\$	\$
CURRENT		
Accrued Income	-	-
Prepayments	-	500
	<u>-</u>	<u>500</u>

Note 8 Property, Plant and Equipment

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Buildings & Improvements at fair value:		
Buildings at Directors Valuation - 2014	2,160,000	2,160,615
Buildings at Cost	-	-
Less accumulated depreciation	(86,400)	(64,800)
Total buildings	<u>2,073,600</u>	<u>2,095,815</u>
Total land and buildings	<u>2,073,600</u>	<u>2,095,815</u>
PLANT AND EQUIPMENT		
Plant & Equipment		
At cost	144,976	144,976
Less accumulated depreciation	(48,391)	(33,159)
	<u>96,585</u>	<u>111,817</u>
Office Equipment		
At cost	2,752	2,752
Accumulated depreciation	(2,461)	(1,909)
	<u>290</u>	<u>842</u>
Furniture and Equipment		
At cost	42,101	46,535
Less accumulated depreciation	(18,124)	(16,453)
	<u>23,977</u>	<u>30,082</u>
Poker Machines		
At cost	176,009	101,396
Less accumulated depreciation	(80,967)	(43,032)
	<u>95,042</u>	<u>58,364</u>
Motor Vehicles		
At cost	6,000	6,000
Less accumulated depreciation	(1,303)	(97)
	<u>4,697</u>	<u>5,903</u>
Total plant and equipment	<u>220,591</u>	<u>207,008</u>
Total property, plant and equipment	<u>2,294,191</u>	<u>2,302,823</u>

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

Note 8 Property, Plant and Equipment

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:

	Buildings \$	Plant, Furniture and Equipment \$	Motor Vehicles \$	Poker Machines \$	Total \$
2017					
Balance at the beginning of the year	2,116,800	156,707	3,297	81,149	2,357,953
Additions at cost	-	8,355	6,000	5,000	19,355
Transfers between categories	-	-	-	-	-
Disposals	-	-	(2,304)	-	(2,304)
Revaluation increment	-	-	-	-	-
Depreciation expense	(20,985)	(22,321)	(1,090)	(27,785)	(72,181)
Carrying amount at end of year	<u>2,095,815</u>	<u>142,741</u>	<u>5,903</u>	<u>58,364</u>	<u>2,302,823</u>
2018					
Balance at the beginning of the year	2,095,815	142,741	5,903	58,364	2,302,823
Additions at cost	-	-	-	73,998	73,998
Revaluation	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	(22,215)	(21,889)	(1,206)	(37,320)	(82,630)
Carrying amount at end of year	<u>2,073,600</u>	<u>120,852</u>	<u>4,697</u>	<u>95,042</u>	<u>2,294,191</u>

Poker Machine Entitlements

As at 30 June 2018 the Club holds 25 poker machine entitlements, of which 25 are in use currently. The entitlements in certain circumstances can be traded, with government regulation controlling this process. With the uncertainty in valuing the entitlements due to changes in government laws, and the potential for pre-commitment technology impacting this further, the entitlements have continued to be carried at nil.

Asset revaluations

The buildings were valued in 2014 by the Directors. The valuation was based using 60% of the insured value. The land is leased from Ballina Shire Council. No consideration was paid by the Club for the Buildings and infrastructure and the fair value model is used whereby frequent revaluations are used to ensure the assets are carried at fair value.

Note 9 Trade and Other Payables

	2018 \$	2017 \$
CURRENT		
Trade creditors	46,557	42,433
Sub Club Funds Held in Trust	5,015	4,178
Other current payables	28,780	41,211
9(a)	<u>80,351</u>	<u>87,821</u>

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 9	Trade and Other Payables		2018	2017
		Note	\$	\$
(a)	Financial liabilities at amortised cost classified as trade and other payables			
	Trade and other payables			
	Total Current		80,351	87,821
	Total Non-Current		-	-
			<u>80,351</u>	<u>87,821</u>
	Less deferred income		-	-
	Less annual leave entitlements		-	-
	Financial liabilities as trade and other payables	18	<u>80,351</u>	<u>87,821</u>
Note 10	Accrued Expenses		2018	2017
			\$	\$
	Accrued Expenses		721	4,809
			<u>721</u>	<u>4,809</u>
Note 11	Borrowings		2018	2017
		Note	\$	\$
	CURRENT			
	Members Loans	13	-	-
	Lady Bowlers - RSL Contribution		-	3,000
	Mens Bowlers - RSL Contribution		8,000	8,000
	Hire Purchase Liability		37,845	36,734
			<u>45,845</u>	<u>47,734</u>
	NON-CURRENT			
	Members Loans	13	-	-
	Hire Purchase Liability		46,361	52,120
			<u>46,361</u>	<u>52,120</u>
	TOTAL BORROWINGS	18	<u>92,206</u>	<u>99,854</u>
	The loans are unsecured.			
Note 12	Provisions		2018	2017
			\$	\$
	CURRENT			
	Short-term Employee Benefits			
	Opening balance at 30 June 2017		23,082	21,100
	Additional provisions raised during year		70,629	51,594
	Amounts used		(73,861)	(49,612)
	Balance at 30 June 2018		<u>19,851</u>	<u>23,082</u>
	NON-CURRENT			
	Analysis of Total Provisions			
	Current		19,851	23,082
	Non-current		-	-
			<u>19,851</u>	<u>23,082</u>

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

Note 13 Capital and Leasing Commitments

(a) Finance Lease Commitments	2018	2017
Payable minimum lease payments	\$	\$
not later than 12 months	41,288	42,401
later than 12 months but not later than 5 years	48,937	48,008
greater than 5 years	-	-
Minimum lease payments	<u>90,224</u>	<u>90,409</u>
Less future finance charges	<u>(6,019)</u>	<u>(1,555)</u>
Present value of minimum lease payments	<u><u>84,206</u></u>	<u><u>88,854</u></u>

The leased assets will be fully owned at the end of the lease period.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable minimum lease payments	2018	2017
not later than 12 months	\$	\$
later than 12 months but not later than 5 years	-	-
greater than 5 years	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Note 14 Contingent Liabilities and Assets

2018	2017
\$	\$

The directors are not aware of any contingent assets or liabilities at the date of signing this report.

Note 15 Events After the Reporting Period

Since the end of the financial year no matter or circumstance has arisen which significantly affected or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club in subsequent financial years.

Note 16 Related Party Transactions

No related party transactions were noted for the year.

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

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

Note 17 Cash Flow Information

	Note	2018 \$	2017 \$
(a) Reconciliation of cash			
Cash at bank		104,789	207,542
Bank Overdraft		-	-
	4	<u>104,789</u>	<u>207,542</u>
(b) Reconciliation of cash flow from operations with profit after income tax			
Profit (loss) after income tax		(76,269)	(20,534)
Non cash flows			
Depreciation and amortisation		82,630	75,100
Net Fundraising Income		(16,703)	(11,848)
Profit on sale of property, plant and equipment		-	(44,000)
Loss on sale of property, plant and equipment		-	-
Change in assets and liabilities			
(Increase)/decrease in trade and other receivables		(12,725)	(1,016)
Increase/(decrease) in trade and other payables		(11,558)	41,098
Increase/ (decrease) in reserves		-	-
Increase/ (decrease) in provisions		(3,231)	1,982
(Increase)/decrease in inventories		(454)	(4,339)
(Increase)/decrease in prepayments		500	(500)
		<u>(37,810)</u>	<u>35,943</u>

Note 18 Financial Risk Management

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

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

	Note	2018 \$	2017 \$
Financial Assets			
Cash and cash equivalents	4	104,789	207,542
Receivables	5	934	809
Total Financial Assets		<u>105,723</u>	<u>208,351</u>
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	9	46,557	42,433
Borrowings	11	92,206	99,854
Total Financial Liabilities		<u>138,762</u>	<u>142,287</u>

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

Note 19 Capital Management

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised. The executive committee ensures that the overall risk management strategy is in line with this objective.

The executive committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The strategy of the entity is to maintain a gearing ratio below 10%.

The gearing ratios for the years ended 30 June 2018 and 30 June 2017 are as follows:

	Note	2018 \$	2017 \$
Total borrowings	11	92,206	99,854
Total equity (reserves + retained earnings)		2,263,876	2,340,145
Gearing ratio		4.1%	4.3%

Note 20 Reserves

a. Revaluation Surplus

The revaluation surplus records the revaluations of non-current assets. Where revaluations are deemed to represent profits of a permanent nature, dividends may be declared from this surplus.

Note 21 Entity Details

The registered office of the entity is:

Lennox Head Community Sport and Recreation Club Limited
10 Stewart Street
LENNOX HEAD NSW 2478

The principal place of business is:

Lennox Head Community Sport and Recreation Club Limited
10 Stewart Street
LENNOX HEAD NSW 2478

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

Note 22 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstandings and obligations of the entity. At 30 June 2018 the number of members is 2574 (2017: 2549).

Note 23 Emphasis of Matter - Going Concern

The Club has had a decrease in the net current assets less the current liabilities of \$73,396 from \$89,442 in 2017 to \$16,046 in 2018. The Club needs to ensure that profits are generated in the future to ensure sufficient cash is held to continue as a going concern.

LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED
ABN: 29 163 771 382
DIRECTORS DECLARATION

In accordance with a resolution of the Directors of Lennox Head Community Sport and Recreation Club Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Fund are in accordance with the Corporations Act 2001 and Australian Charities and No-for-profit Commission Act 2012, including:
 - (i) Giving a true and fair view of the Fund's financial position as at 30 June 2018 and of its performance for the year ended on that date;
 - (ii) Complying with the Accounting Standards and *Corporations Regulations 2001*.
- (b) 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.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.

Pip Carter
Chairperson

Col Skennar
Director

Signed at Lennox Head
19th October 2018

**LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED ABN 29 163 771 382
INDEPENDENT AUDITOR S REPORT TO THE MEMBERS OF
LENNOX HEAD COMMUNITY SPORT AND RECREATION CLUB LIMITED**

Opinion

We have audited the financial report of Lennox Head Community Sport and Recreation Club Limited which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and 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 my opinion the financial report of Lennox Head Community Sport and Recreation Club Limited has been prepared in accordance with Corporations Act 2001, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the Corporations Act 2001.

Emphasis of Matter

We draw your attention to Note 23 of the financial report which refers to the decrease in the net current assets less current liabilities in 2018. Our opinion is not modified in respect of this matter.

Basis for my Opinion

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Directors' [and Those Charged with Governance] for the Financial Report

The directors' of the company are responsible for the preparation and fair presentation of the financial report 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 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 intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 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 I conclude that a material uncertainty exists, I am required to draw attention in our my auditor s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In our opinion:

- (i) the governing Board and company have complied with reporting obligations imposed by Corporations Act 2001 and regulations;

- (ii) we have been given all the information, explanations and assistance necessary to conduct the audit and sufficient financial records we kept to enable the financial report to be prepared and audited.

Name of Firm: **MF Partners Chartered Accountants**

Name of Partner: **Mark Charter**

Address: **Level 1, 95 Tamar Street, BALLINA NSW 2478.**

Dated this 19th October 2018.



Chartered Accountants
& Business Advisers

ABN 72 452 312 664

Level 1
95 Tamar Street
Ballina NSW 2478

PO Box 7
Ballina NSW 2478

T 02 6686 2622
F 02 6686 8422
E enquiry@mfpartners.com.au
www.mfpartners.com.au

12 November 2018

Mr Kevin Watts
Treasurer
Lennox Head Community Sports and Recreation Club Limited
Stewart Street
LENNOX HEAD NSW 2478

RE: FINANCIAL HARDSHIP

Dear Kevin,

Based on the financial statements prepared at 30 June 2018 and which we undertook an audit upon, I believe the Lennox Head Sports and Recreation Club Limited ("the Club") has experienced financial hardship. The facts that we use as support for this are:

- The Club had an operational loss of \$76,269 for the year ended 30 June 2018 (2017: \$20,534);
- The Clubs net current assets less current liabilities (working capital) has decreased by \$73,396 from \$89,442 at 30 June 2017 to \$16,046 at 30 June 2018; and
- We included in our audit opinion an "emphasis of matter" which detailed that profits need be generated in the future for the business still to remain as a "going concern".

If you require any further information please contact me.

Yours sincerely,
MF PARTNERS

Mark Charter
Assurance Partner



Tax agent
20883025

Liability limited by a scheme approved under Professional Standards Legislation

