

Branxton Golf Club Co-operative Limited

ABN: 82 572 420 622

Financial Statements

For the Year Ended 31 December 2018

Branxton Golf Club Co-operative Limited

ABN: 82 572 420 622

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Branxton Golf Club Co-operative Limited

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Directors' Report For the Year Ended 31 December 2018

The directors present their report on Branxton Golf Club Co-operative Limited (the 'Club') for the financial year ended 31 December 2018.

Directors

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

Names	Position	Appointed/Resigned
John Partridge	President	
Tony Bercini	Treasurer	
Murray Johanson	Club Captain	
Mark Moylan	Director	
Neil Rowlands	Director	
John Vassar	Director	Resigned 11 April 2018
Dave Kinch	Director	
Dave Hollis	Director	
John Martin	Director	Resigned 11 April 2018
Daniel Turner	Director	Appointed 11 April 2018
Kerrie O'Connell	Director	Appointed 11 April 2018

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

Information on directors

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

John Partridge	President
Qualifications	Mine operator trainer
Experience	Board Member 2012-2018
Tony Bercini	Treasurer
Qualifications	Retired mine deputy
Experience	Board Member 2006-2018
Murray Johanson	Club Captain
Qualifications	School Teacher
Experience	Board Member 2011-2018
Mark Moylan	Director
Qualifications	Supervisor Fitter
Experience	Board Member 2014-2018
Neil Rowlands	Director
Qualifications	Main roads traffic controller
Experience	Board member 2011-2018
John Vassar	Director
Qualifications	Retired accountant
Experience	Director 2015- April 2018

Branxton Golf Club Co-operative Limited

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Directors' Report For the Year Ended 31 December 2018

Information on directors

Dave Kinch	Director
Qualifications	Maintenance Coordinator
Experience	Director 2017-2018
Dave Hollis	Director
Qualifications	Sales Consultant
Experience	Director 2017-2018
John Martin	Director
Qualifications	Brake & Clutch Specialist
Experience	Director 2017- April 2018
Daniel Turner	Director
Qualifications	Plant Operator
Experience	Director April 2018
Kerrie O'Connell	Director
Qualifications	Sales
Experience	Director April 2018

Company secretary

Tony Bercini has been the company secretary since 17 April 2012.

Review of operations

The Club earned an operating loss of \$10,634 (2017: loss of \$17,885) before depreciation of \$28,683 (2017: \$30,874) and finance costs of \$5,625 (2017: \$3,818).

Principal activities

The principal activity of Branxton Golf Club Co-operative Limited during the financial year was that of conducting a Registered Licensed Club for the sporting and recreational activities of members.

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

Members' guarantee

Branxton Golf Club Co-operative Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$1, subject to the provisions of the company's constitution.

At 31 December 2018 the collective liability of members was \$ 638 (2017: \$ 638).

Operating results

The loss of the Club after providing for income tax amounted to \$ 44,942 (2017: \$ 52,577).

Branxton Golf Club Co-operative Limited

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Directors' Report For the Year Ended 31 December 2018

Dividends paid or recommended

The Club is precluded from paying dividends to its members and as such, no dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Future developments and results

Likely developments in the operations of the Club and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Club.

Environmental issues

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

Meetings of directors

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

Directors' Meetings		
	Number eligible to attend	Number attended
John Partridge	13	5
Tony Bercini	13	13
Murray Johanson	13	11
Mark Moylan	13	12
Neil Rowlands	13	13
John Vassar	3	2
Dave Kinch	13	13
Dave Hollis	13	10
John Martin	10	-
Daniel Turner	10	8
Kerrie O'Connell	10	9

Indemnification and insurance of officers and auditors

The Club has paid a premium to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Club, other than conduct involving a wilful breach of duty in relation to the Club.

Core and non core property

In accordance with Section 41J of the Registered Clubs Act the Club's Property Assets are classified as follows:

Core property: The Club's core property assets comprise the Clubhouse, Course, Carpark and facilities located at 25 Cessnock Road Branxton.

Non core property: The Club has no property assets classified as non core property.

Branxton Golf Club Co-operative Limited

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**Directors' Report
For the Year Ended 31 December 2018**

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2018 has been received and can be found on page 5 of the financial report.

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

Director: 

Director: 

Dated 25/02/2019

Branxton Golf Club Co-operative Limited

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018, there have been:

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



PKF



MARTIN MATTHEWS
PARTNER

25 FEBRUARY 2019
NEWCASTLE, NSW

Branxton Golf Club Co-operative Limited

ABN: 82 572 420 622

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2018

		2018	2017
	Note	\$	\$
Revenue	4	746,562	763,939
Cost of goods sold		(176,900)	(174,624)
Employee benefits expense		(258,366)	(262,910)
Depreciation and amortisation expense	5	(28,683)	(30,874)
Advertising, promotions and entertainment		(40,071)	(38,131)
Golf course expense		(72,721)	(89,881)
Donations and sponsorship		(1,739)	(2,347)
Insurance		(20,123)	(23,822)
Members expenses		(40,836)	(37,344)
Occupancy costs		(77,240)	(69,463)
Repairs and maintenance		(20,250)	(27,830)
Other expenses		(48,950)	(55,472)
Finance costs		(5,625)	(3,818)
Loss before income tax		(44,942)	(52,577)
Income tax expense	2(a)	-	-
Loss for the year		(44,942)	(52,577)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(44,942)	(52,577)

The accompanying notes form part of these financial statements.

Branxton Golf Club Co-operative Limited

ABN: 82 572 420 622

Statement of Financial Position

As At 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	44,687	78,226
Trade and other receivables		4,741	2,498
Inventories		21,605	19,585
Other assets		13,527	18,458
TOTAL CURRENT ASSETS		<u>84,560</u>	<u>118,767</u>
NON-CURRENT ASSETS			
Other financial assets	7	50,000	55,646
Property, plant and equipment	8	326,964	336,247
TOTAL NON-CURRENT ASSETS		<u>376,964</u>	<u>391,893</u>
TOTAL ASSETS		<u><u>461,524</u></u>	<u><u>510,660</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	49,186	57,416
Borrowings	10	58,455	11,845
Employee benefits		17,164	15,684
Other financial liabilities		15,800	20,355
TOTAL CURRENT LIABILITIES		<u>140,605</u>	<u>105,300</u>
NON-CURRENT LIABILITIES			
Borrowings	10	18,186	58,900
Employee benefits		9,571	8,356
Share capital		638	638
TOTAL NON-CURRENT LIABILITIES		<u>28,395</u>	<u>67,894</u>
TOTAL LIABILITIES		<u>169,000</u>	<u>173,194</u>
NET ASSETS		<u><u>292,524</u></u>	<u><u>337,466</u></u>
EQUITY			
Retained earnings		<u>292,524</u>	<u>337,466</u>
TOTAL EQUITY		<u><u>292,524</u></u>	<u><u>337,466</u></u>

The accompanying notes form part of these financial statements.

Branxton Golf Club Co-operative Limited

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Statement of Changes in Equity For the Year Ended 31 December 2018

	Retained Earnings	Total
	\$	\$
Balance at 1 January, 2018	337,466	337,466
Loss attributable to the members	(44,942)	(44,942)
Other comprehensive income for the year	-	-
Balance at 31 December 2018	292,524	292,524
Balance at 1 January, 2017	390,043	390,043
Loss attributable to the members	(52,577)	(52,577)
Other comprehensive income for the year	-	-
Balance at 31 December 2017	337,466	337,466

The accompanying notes form part of these financial statements.

Branxton Golf Club Co-operative Limited

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Statement of Cash Flows For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	816,698	841,022
Payments to suppliers and employees	(837,571)	(852,285)
Interest received	2,070	1,785
Finance costs	(5,625)	(3,818)
Net cash used in operating activities	<u>(24,428)</u>	<u>(13,296)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(6,870)	(17,176)
Proceeds from financial assets	5,646	-
Net cash used in investing activities	<u>(1,224)</u>	<u>(17,176)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	13,655	26,746
Repayment of borrowings	(22,051)	(4,567)
Net cash (used in)/provided by financing activities	<u>(8,396)</u>	<u>22,179</u>
Net decrease in cash and cash equivalents held	(34,048)	(8,293)
Cash and cash equivalents at beginning of year	78,226	86,519
Cash and cash equivalents at end of financial year	6 <u>44,178</u>	<u>78,226</u>

The accompanying notes form part of these financial statements.

Branxton Golf Club Co-operative Limited

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Notes to the Financial Statements For the Year Ended 31 December 2018

1 Basis of Preparation

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

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

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

2 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Leases

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

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

(c) Revenue and other income

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

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

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

Sale of goods

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

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

Revenue is recognised in the statement of profit or loss and other comprehensive income when the services are provided to members and other patrons of the Club.

Branxton Golf Club Co-operative Limited

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Notes to the Financial Statements For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Other income

Other income is recognised on an accruals basis when the Club is entitled to it.

(d) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in first-out basis and are net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(f) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Club, commencing when the asset is ready for use.

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

Branxton Golf Club Co-operative Limited

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Notes to the Financial Statements For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies

(f) Property, plant and equipment

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

Fixed asset class	Depreciation rate
Buildings	2.5%-20%
Plant and Equipment	5%-20%
Furniture, Fixtures and Fittings	5%-40%
Poker machines	14%-33%
Course works	5%-10%

(g) Trade and other receivables

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

(h) Cash and cash equivalents

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

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

(i) 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 wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

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

(j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the club 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.

Branxton Golf Club Co-operative Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies

(k) New accounting standards and interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards. The following summarises those future requirements, and their impact on the Club.

AASB 15: Revenue from contracts with customers and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018)

This standard is not expected to have significant financial impact on the Clubs financial statements.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Estimation of useful lives

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

Long service leave provision

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Branxton Golf Club Co-operative Limited

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Notes to the Financial Statements For the Year Ended 31 December 2018

4 Revenue and Other Income

	2018	2017
	\$	\$
Sales revenue		
- Sale of goods	373,484	379,806
- Provision of services	371,008	382,348
- Interest received	2,070	1,785
	<u>746,562</u>	<u>763,939</u>

5 Result for the Year

Depreciation and Amortisation

Buildings	10,183	10,485
Plant and Equipment	13,155	15,063
Furniture and Equipment	989	995
Poker Machines	4,356	4,331
	<u>28,683</u>	<u>30,874</u>

6 Cash and Cash Equivalents

Cash on hand	27,667	27,284
Bank balances	17,020	50,942
	<u>44,687</u>	<u>78,226</u>

Reconciliation of cash

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

Cash and cash equivalents		44,687	78,226
Bank overdrafts	10	<u>(509)</u>	-
Balance as per statement of cash flows		<u>44,178</u>	<u>78,226</u>

7 Other Financial Assets

NON-CURRENT

Held to maturity investments			
Term Deposit Investments		<u>50,000</u>	<u>55,646</u>

Branxton Golf Club Co-operative Limited

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Notes to the Financial Statements For the Year Ended 31 December 2018

8 Property, plant and equipment

	2018	2017
	\$	\$
Land	<u>47,712</u>	<u>47,712</u>
Buildings	494,881	494,881
Accumulated depreciation	<u>(325,071)</u>	<u>(314,888)</u>
	<u>169,810</u>	<u>179,993</u>
Plant and Equipment	212,766	193,366
Accumulated depreciation	<u>(127,686)</u>	<u>(114,531)</u>
	<u>85,080</u>	<u>78,835</u>
Furniture, Fixtures and Fittings	31,752	31,752
Accumulated depreciation	<u>(25,147)</u>	<u>(24,158)</u>
	<u>6,605</u>	<u>7,594</u>
Poker Machines	81,710	81,710
Accumulated depreciation	<u>(76,509)</u>	<u>(72,153)</u>
	<u>5,201</u>	<u>9,557</u>
Course Works	12,556	12,556
Accumulated depreciation	<u>-</u>	<u>-</u>
	<u>12,556</u>	<u>12,556</u>
Total property, plant and equipment	<u><u>326,964</u></u>	<u><u>336,247</u></u>

(a) Movements in Carrying Amounts

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

	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Poker Machines	Course Works	Total
	\$	\$	\$	\$	\$	\$	\$
Opening Balance	47,712	179,993	78,835	7,594	9,557	12,556	336,247
Additions	-	-	19,400	-	-	-	19,400
Depreciation	-	(10,183)	(13,155)	(989)	(4,356)	-	(28,683)
Closing Balance	<u>47,712</u>	<u>169,810</u>	<u>85,080</u>	<u>6,605</u>	<u>5,201</u>	<u>12,556</u>	<u>326,964</u>

Branxton Golf Club Co-operative Limited

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Notes to the Financial Statements For the Year Ended 31 December 2018

9 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Trade payables	14,992	29,861
GST payable	12,876	6,436
Sundry payables and accrued expenses	21,318	21,119
	<u>49,186</u>	<u>57,416</u>

10 Borrowings

CURRENT		
Bank loans (a)	48,003	2,020
Bank overdraft	509	-
Finance lease (b)	5,681	3,465
Financed insurance	4,262	6,360
	<u>58,455</u>	<u>11,845</u>
NON-CURRENT		
Bank loans (a)	-	48,007
Finance lease (b)	18,186	10,893
	<u>18,186</u>	<u>58,900</u>

(a) Bank loans

The bank loan is secured by the Regional Australia Bank having a registered mortgage over the freehold land and buildings of the Club.

(b) Leased Liabilities

Leased liabilities are secured by the underlying leased assets.

11 Leasing Commitments

(a) Finance leases

Minimum lease payments:		
- not later than one year	8,129	4,108
- between one year and five years	22,238	11,716
	<u>30,367</u>	<u>15,824</u>
Less: Finance charges	(6,500)	(1,466)
	<u>23,867</u>	<u>14,358</u>

Branxton Golf Club Co-operative Limited

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Notes to the Financial Statements For the Year Ended 31 December 2018

12 Members' Guarantee

The Club is incorporated under the *Corporations Act 2001* and is a Club limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstandings and obligations of the Club. At 31 December 2018 the number of members was - (2017: 638).

13 Key Management Personnel Disclosures

It has been determined that the Board of Directors are the only key management personnel of Branxton Golf Club Co-operative Limited. There was no compensation paid to directors for their services provided to the club.

14 Contingencies

In the opinion of the Directors, the Club did not have any contingencies at 31 December 2018 (31 December 2017: None).

15 Related Parties

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

16 Cash Flow Information

(a) Non-cash financing and investing activities

	2018	2017
	\$	\$
Acquisition of assets by means of finance leases	<u>12,530</u>	-

17 Events after the end of the Reporting Date

The financial report was authorised for issue on 25 February 2019 by the Board of Directors.

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

Branxton Golf Club Co-operative Limited

ABN: 82 572 420 622

Directors' Declaration


In accordance with a resolution of the directors of Branxton Golf Club Co-operative Limited, I state that:

In the opinion of the directors:

1. The financial statements and notes, as set out on pages 6 to 17, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date of the Club.
2. There are reasonable grounds to believe that the club will be able to pay its debts as and when they become due and payable.

On behalf of the Board.

Director 

Director 

Dated 25/02/2019

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF BRANXTON GOLF CLUB CO-OPERATIVE LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Branxton Golf Club Co-operative Limited (the Co-operative), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Co-operative is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Co-operative's financial position as at 31 December 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Co-operative, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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



PKF



MARTIN MATTHEWS
PARTNER

25 FEBRUARY 2019
NEWCASTLE, NSW

Branxton Golf Club Co-operative Limited

ABN: 82 572 420 622

For the Year Ended 31 December 2018

Disclaimer

The additional financial data presented on pages 22 - 26 is in accordance with the books and records of the Club which have been subjected to the auditing procedures applied in our statutory audit of the Club for the year ended 31 December 2018. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Branxton Golf Club Co-operative Limited) in respect of such data, including any errors or omissions therein however caused.



PKF



MARTIN MATTHEWS
PARTNER

25 FEBRUARY 2019
NEWCASTLE, NSW

Branxton Golf Club Co-operative Limited

ABN: 82 572 420 622

For the Year Ended 31 December 2018

Divisional Profit and Loss Statement

	2018	2017
	\$	\$
Bar trading		
Trading income:		
Sales	<u>373,484</u>	<u>379,806</u>
Cost of goods sold		
Opening stock	-	11,634
Purchases	187,190	154,665
Freight	2,641	2,801
Bar gas	656	1,757
Wastage	334	4,945
Closing Stock	<u>(13,921)</u>	<u>(1,178)</u>
	<u>176,900</u>	<u>174,624</u>
Gross Profit	<u>196,584</u>	<u>205,182</u>
Less: Expenses		
Wages	<u>(101,329)</u>	<u>(108,283)</u>
Net operating profit	<u>95,255</u>	<u>96,899</u>

Branxton Golf Club Co-operative Limited

ABN: 82 572 420 622

For the Year Ended 31 December 2018

Divisional Profit and Loss Statement

	2018	2017
	\$	\$
Poker machines		
Sale of goods		
Poker machine gross takings	363,276	400,295
Poker machine payouts	(290,280)	(285,442)
GST subsidy received	10,323	9,095
	<u>83,319</u>	<u>123,948</u>
Less: Expenses		
Repairs and maintenance	14,615	14,494
Depreciation	4,356	4,332
	<u>18,971</u>	<u>18,826</u>
Net operating profit	<u><u>64,348</u></u>	<u><u>105,122</u></u>

Branxton Golf Club Co-operative Limited

ABN: 82 572 420 622

For the Year Ended 31 December 2018

Divisional Profit and Loss Statement

	2018	2017
	\$	\$
Greens		
Operating income		
Donations and sponsorships	16,934	1,444
Green fees	98,815	101,456
Competition fees	18,784	19,344
Machinery levy	7,006	7,031
Members subscriptions	69,039	59,877
	<hr/> 210,578	189,152
Less: Expenses		
Affiliation fees	11,323	10,963
Course professional	39,667	40,243
Course operating materials	17,166	24,432
Depreciation - Greens	10,183	10,485
Donations	1,739	1,847
Wages	62,297	62,361
Competition fees paid	15,888	25,206
	<hr/> 158,263	175,537
Net operating profit	<hr/> <hr/> 52,315	<hr/> <hr/> 13,615

Branxton Golf Club Co-operative Limited

ABN: 82 572 420 622

For the Year Ended 31 December 2018

Divisional Profit and Loss Statement

	2018	2017
	\$	\$
Gaming		
Income		
TAB Commission	2,599	2,863
Keno income	11,433	13,291
	<hr/>	<hr/>
	14,032	16,154
Less: Expenses		
TAB fees	5,337	6,323
Keno expense	1,721	1,676
Sky channel	9,838	9,747
	<hr/>	<hr/>
	16,896	17,746
Net operating profit	<hr/> <hr/>	<hr/> <hr/>
	(2,864)	(1,592)

Branxton Golf Club Co-operative Limited

ABN: 82 572 420 622

For the Year Ended 31 December 2018

Divisional Profit and Loss Statement

	2018	2017
	\$	\$
Net operating profit: Bar trading	95,255	96,899
Net operating profit: Poker machines	64,348	105,122
Net operating profit: Greens	52,315	13,615
Net operating profit: Gaming	(2,864)	(1,592)
	209,054	214,044
Income		
ATM commission	1,498	1,949
Carols on the course	12,207	11,204
Club functions	3,982	2,806
Entertainment income	2,943	3,810
Raffle income	29,458	24,841
Social members subscriptions	4,665	2,012
Sundry income	8,326	6,472
Interest received	2,070	1,785
	65,149	54,879
Less: Expenses		
Accounting and audit fees	(20,392)	(21,670)
Advertising and Promotional Expenses	(1,870)	(4,672)
Bank charges	(1,254)	(2,008)
Cleaning	(4,717)	(5,904)
Carols on the course	(11,139)	(10,735)
Depreciation	(14,144)	(16,057)
Entertainment	(27,062)	(22,724)
Finance costs	(5,625)	(3,818)
General insurance	(14,309)	(18,233)
Kitchen - retainer and expenses	(1,611)	(748)
Land Rates	(9,942)	(9,844)
Licences, registrations and permits	(2,805)	(3,163)
Other expenses	(4,749)	(7,714)
Pennant expense	-	(1,381)
Printing and stationery	(4,111)	(2,752)
Raffle expenses - non profit	(29,513)	(26,381)
Repairs and maintenance	(5,635)	(13,336)
Security	(5,250)	(5,747)
Sponsorship	-	(500)
Superannuation	(21,972)	(22,497)
Telephone	(2,104)	(2,016)
Till unders and overs	1,257	962
Utilities	(53,616)	(45,204)
Wages - cleaning	(32,142)	(31,821)
Wages - clerical	(40,626)	(37,948)
Workers compensation insurance	(5,814)	(5,589)
	(319,145)	(321,500)
Loss before income tax	(44,942)	(52,577)