

QUEANBEYAN GOLF CLUB LIMITED
(A COMPANY LIMITED BY GUARANTEE)
ABN 49 010 767 574

FINANCIAL REPORT
FOR THE YEAR ENDED 31 JULY 2019

QUEANBEYAN GOLF CLUB LIMITED
ABN 49 010 767 574

DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 31 July 2019.

Directors

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

Adrian Coles (Resigned 24 March 2019)
John Bull
Gail Goiser
Cathryn Hanrahan
Lee Maiden
Daniel Goodchild (Resigned 27 May 2019)
Jerry Smith
Ian McKenzie (Resigned 17 December 2018)
Tom Darmody (Appointed 17 December 2018)
Ray Dorsett (Appointed 17 December 2018)

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

Principal Activities

The principal activity of the company during the financial year was to provide the facilities of a Licensed Club to the members and guests and to promote sporting activities.

Short-term and Long-term Objectives

The company's short-term objectives are to:

- provide the best possible golf course and clubhouse facilities to members; encourage new membership; and
- remain financially viable to achieve the above objectives.

The company's long-term objectives are to:

- establish and maintain membership relationships which foster the game of golf; and
- be sustainable and strive for continuous improvement to offer the best possible golfing and social amenities to members.

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

- the Board strives to attract and retain quality management and staff who are committed to providing high standards of service levels to the members. The Board believes attracting and retaining quality staff will assist with the success of the Club in both the short and long term.
- maintain rigorous control over the Club's finances to ensure the Club remains viable and can continually upgrade the course and clubhouse for the benefit of members and encourage new membership.
- the Board is committed to meet consistent standards of governance best practice and provide clear expectations of professional accountabilities and responsibilities to all members.

QUEANBEYAN GOLF CLUB LIMITED
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DIRECTORS' REPORT (CONTINUED)

Key Performance Measures

The company measures its own performance using both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

Information on Directors

| | |
|------------------|--|
| Gail Goiser | Captain |
| Experience | Has served on the board from 31 October 2003 |
| Occupation | Retired |
| Adrian Coles | Director and President from August 2017 |
| Experience | Resigned 29 March 2019 |
| Occupation | Financial Planner and Accredited Mortgage Consultant |
| Cathryn Hanrahan | Director |
| Experience | Served on the board from December 2016 |
| Occupation | Accountant |
| John Bull | Director and Vice President from March 2018 |
| Experience | Appointed to the board August 2017 |
| Occupation | Senior Manager |
| Lee Maiden | Director |
| Experience | Appointed to the board November 2017 |
| Occupation | Senior Manager |
| Daniel Goodchild | Director |
| Experience | Resigned 27 May 2019 |
| Occupation | Self employed |
| Ian McKenzie | Director |
| Experience | Resigned 17 December 2018 |
| Occupation | Retired |
| Jerry Smith | Director |
| Experience | Appointed to the board February 2016 |
| Occupation | Retired |
| Tom Darmody | Director |
| Experience | Appointed to the board April 2018 |
| Occupation | Registered Surveyor/Director |
| Ray Dorsett | Director |
| Experience | Appointed 17 December 2018 |
| Occupation | Retired |

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DIRECTORS' REPORT (CONTINUED)

Meetings of Directors

During the financial year, 12 meetings of directors were held, attendances by each director were as follows:

Directors' Meetings

| | Number eligible to attend | Number attended |
|------------------|---------------------------|-----------------|
| Gail Goiser | 13 | 13 |
| Adrian Coles | 8 | 8 |
| John Bull | 13 | 13 |
| Ian McKenzie | 5 | 5 |
| Daniel Goodchild | 10 | 9 |
| Jerry Smith | 13 | 11 |
| Cathryn Hanrahan | 13 | 12 |
| Lee Maiden | 13 | 10 |
| Tom Darmody | 8 | 8 |
| Ray Dorsett | 8 | 8 |

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. At 31 July 2019, the total amount that members of the company are liable to contribute if the company is wound up is \$31,150 (2018: \$25,260).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 July 2019 has been received and can be found on page 4 of the financial report.

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

Director



Name

John Bull

Dated this 15th day of November 2019

AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF QUEANBEYAN GOLF CLUB LIMITED

As the lead auditor of Queanbeyan Golf Club Limited, I declare that, to the best of my knowledge and belief, during the year ended 31 July 2019 there have been no contraventions of:

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



Shane Bellchambers, FCA
Registered Company Auditor
BellchambersBarrett

Canberra, ACT
Dated this 15th day of November 2019

QUEANBEYAN GOLF CLUB LIMITED
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2019

| | Note | 2019 | 2018 |
|---|------|-----------------------|-------------------------|
| | | \$ | \$ |
| Revenue | 2 | 3,454,668 | 1,992,837 |
| Cost of sales | 3 | (305,062) | (242,868) |
| Employee benefits expense | 3 | (763,360) | (731,992) |
| Depreciation expense | 3 | (336,715) | (267,156) |
| Advertising expense | | (4,882) | (29,090) |
| Administration expense | | (430,712) | (299,059) |
| Finance costs - external | 3 | (35,128) | (46,730) |
| Cleaning expense | | (52,961) | (48,250) |
| Course expenses | | (146,973) | (137,786) |
| Electricity expense | | (82,956) | (65,125) |
| Entertainment expense | | (23,623) | (44,857) |
| Insurance expense | | (86,055) | (78,329) |
| Land and water rates expense | | (91,704) | (80,997) |
| Social activities expenses | | (51,181) | (44,755) |
| Poker machine expenses | | (19,364) | (18,995) |
| Trophy expenses | | (45,579) | (44,147) |
| Grant expenses | | (105,815) | - |
| Profit / (Loss) for the year | | <u>872,598</u> | <u>(187,299)</u> |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss | | - | - |
| Total comprehensive income for the year | | <u>872,598</u> | <u>(187,299)</u> |
| Profit / (Loss) attributable to members of the entity | | <u>872,598</u> | <u>(187,299)</u> |
| Total comprehensive income attributable to members of the entity | | <u><u>872,598</u></u> | <u><u>(187,299)</u></u> |

The accompanying notes form part of these financial statements.

QUEANBEYAN GOLF CLUB LIMITED
ABN 49 010 767 574

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2019

| | Note | 2019 | 2018 |
|-------------------------------|------|-----------|-----------|
| | | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 410,779 | 337,176 |
| Trade and other receivables | 5 | 38,241 | 82,605 |
| Inventories | 6 | 16,024 | 16,633 |
| Other assets | 7 | 80,236 | 69,832 |
| TOTAL CURRENT ASSETS | | 545,280 | 506,246 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 6,714,256 | 5,340,698 |
| Intangible assets | 9 | 51,636 | 51,636 |
| TOTAL NON-CURRENT ASSETS | | 6,765,892 | 5,392,334 |
| TOTAL ASSETS | | 7,311,172 | 5,898,580 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 222,466 | 236,347 |
| Borrowings | 11 | 270,314 | 232,895 |
| Other liabilities | 12 | 417,282 | 305,659 |
| Provisions | 13 | 33,751 | 41,025 |
| TOTAL CURRENT LIABILITIES | | 943,813 | 815,926 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 11 | 346,343 | 447,987 |
| Provisions | 13 | 22,176 | 19,949 |
| TOTAL NON-CURRENT LIABILITIES | | 368,519 | 467,936 |
| TOTAL LIABILITIES | | 1,312,332 | 1,283,862 |
| NET ASSETS | | 5,998,840 | 4,614,718 |
| EQUITY | | | |
| Retained surplus | | 1,722,910 | 850,312 |
| Reserves | 18 | 4,275,930 | 3,764,406 |
| TOTAL EQUITY | | 5,998,840 | 4,614,718 |

The accompanying notes form part of these financial statements.

QUEANBEYAN GOLF CLUB LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019

| | Retained Earnings \$ | Asset Revaluation Reserve \$ | Total \$ |
|--|----------------------------|---------------------------------------|------------------|
| Balance at 1 August 2017 | 1,037,611 | 3,764,406 | 4,802,017 |
| Comprehensive income (Loss) for the year attributable to members | <u>(187,299)</u> | - | <u>(187,299)</u> |
| Balance at 31 July 2018 | <u>850,312</u> | <u>3,764,406</u> | <u>4,614,718</u> |
| Comprehensive income Profit for the year attributable to members | 872,598 | - | 872,598 |
| Revaluation of land and buildings | <u>-</u> | <u>511,524</u> | <u>511,524</u> |
| Balance at 31 July 2019 | <u>1,722,910</u> | <u>4,275,930</u> | <u>5,998,840</u> |

The accompanying notes form part of these financial statements.

QUEANBEYAN GOLF CLUB LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2019

| | Note | 2019 | 2018 |
|---|-------------|-----------------------|-----------------------|
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from members and customers | | 2,608,884 | 2,226,632 |
| Receipts from Government grants | | 1,200,000 | - |
| Payments to suppliers and employees | | <u>(2,395,499)</u> | <u>(2,132,641)</u> |
| Net cash generated from operating activities | | <u>1,413,385</u> | <u>93,991</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of plant and equipment | | <u>(1,240,429)</u> | <u>(329,221)</u> |
| Net cash (used in) investing activities | | <u>(1,240,429)</u> | <u>(329,221)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | (272,010) | (285,275) |
| Proceeds from borrowings | | 207,785 | 225,872 |
| Finance costs | | <u>(35,128)</u> | <u>(46,730)</u> |
| Net cash (used in) financing activities | | <u>(99,353)</u> | <u>(106,133)</u> |
| Net increase / (decrease) in cash and cash equivalents | | 73,603 | (341,363) |
| Cash and cash equivalents at beginning of financial year | | <u>337,176</u> | <u>678,539</u> |
| Cash and cash equivalents at end of financial year | 4 | <u><u>410,779</u></u> | <u><u>337,176</u></u> |

The accompanying notes form part of these financial statements.

QUEANBEYAN GOLF CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

The financial statements cover Queanbeyan Golf Club Limited as an individual entity, incorporated and domiciled in Australia. Queanbeyan Golf Club Limited is a company limited by guarantee. The financial statements were authorised for issue on 15 November 2019 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Queanbeyan Golf Club Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010–2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

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

Australian Accounting Standards set out accounting policies that the 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 stated otherwise.

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

Changes to Accounting Policy

Initial Application of AASB 9: *Financial Instruments*

Queanbeyan Golf Club Limited has adopted AASB 9 with a date of initial application of 1 August 2018.

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

| | Classification under AASB 139 | Classification under AASB 9 | Change in carrying amount at adoption |
|------------------------------------|--|--|--|
| Financial Assets | | | |
| Cash and cash equivalents | Loans and receivables | Amortised cost | Nil |
| Receivables | Loans and receivables | Amortised cost | Nil |
| Term deposit (i) | Held to maturity | Amortised cost | Nil |
| Total financial assets | | | |
| Financial liabilities | | | |
| Trade and other payables | Other financial liabilities | Amortised cost | Nil |
| Borrowings | Other financial liabilities | Amortised cost | Nil |
| Total financial liabilities | | | |

Notes to the table:

(i) Reclassification from Held to Maturity to Amortised Cost

Term deposits that would previously have been classified as held to maturity are now classified at amortised cost. The association intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

QUEANBEYAN GOLF CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

Accounting Policies

a. Revenue

Queanbeyan Golf Club Limited receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Donations and bequests are recognised as revenue when received.

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

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.

b. Property, Plant and Equipment

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

Freehold property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and 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.

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 recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured 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 and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

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

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

QUEANBEYAN GOLF CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Property, Plant and Equipment (continued)

Depreciation

Buildings are depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available 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 |
|-----------------------------|--------------------------|
| Freehold land and buildings | 10 - 20 % |
| Plant and equipment | 5 - 20 % |
| Leasehold improvements | 10 - 20 % |
| Furniture and fittings | 2.5 – 5 % |

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

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

c. Leases

Leases of property, plant and equipment, 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, recognising 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 recognised as expenses on a straight-line basis over the lease term.

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

d. 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 association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

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

Classification and subsequent measurement

(i) Financial Assets

Financial assets are subsequently measured at amortised cost. Measurement is on the basis of two primary criteria:

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

QUEANBEYAN GOLF CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Financial Instruments (continued)

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

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates. Financial instruments are recognised initially using trade date accounting, i.e. on the date that the association becomes party to the contractual provisions of the instrument.

(ii) Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost, using the effective interest rate method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

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

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

Impairment

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

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the association measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (e.g. default or past due event); and
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation.

Derecognition

Financial assets are derecognised when the contractual right 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 when the related obligations are discharged or cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Recognition of expected credit losses in financial statements

At each reporting date, the association recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

QUEANBEYAN GOLF CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Retirement benefit obligations

Defined contribution superannuation benefits

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

f. Cash on Hand

Cash on hand includes 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.

g. Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information, and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for intangible assets with indefinite lives.

QUEANBEYAN GOLF CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Trade and Other Receivables

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

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

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 (ATO).

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

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

j. Income Tax

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

k. Intangibles

Software

Software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

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 the 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. Accounts Payable and Other Payables

Accounts payable 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 company.

QUEANBEYAN GOLF CLUB LIMITED
ABN 49 010 767 574

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. Critical Accounting Estimates and Judgments (continued)

Key estimates

Impairment

The freehold land and buildings were independently valued at July 2019 by Independent valuers. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation being recognised for the year ended 31 July 2019.

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal company policy that requires annual leave to be used within 18 months), the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

p. Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. "Fair value" is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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

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

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

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

q. New and amended Accounting Standards

Queanbeyan Golf Club Limited has assessed all new and amended accounting standards issued and effective for financial reporting periods beginning on or after 1 January 2017 and determine there to be no effect on the current or prior period parent and consolidated financial statements.

QUEANBEYAN GOLF CLUB LIMITED
ABN 49 010 767 574

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 2: REVENUE AND OTHER INCOME

| | Note | 2019 | 2018 |
|---------------------------------------|------|------------------|------------------|
| | | \$ | \$ |
| Revenue: | | | |
| Bar sales | | 711,463 | 606,458 |
| Competitions income | | 137,053 | 127,385 |
| Subscriptions | | 524,369 | 501,906 |
| Green fees | | 192,619 | 173,110 |
| Poker machine proceeds | | 389,221 | 355,934 |
| Keno and TAB | | 22,222 | 20,423 |
| Golf cart hire income | | 77,079 | 71,782 |
| | | 2,054,026 | 1,856,998 |
| Other revenue: | | | |
| Government grants | | 1,200,000 | - |
| Rental of assets | | 2,600 | 10,600 |
| Other income | | 124,100 | 108,855 |
| Sponsorship | | 73,942 | 16,384 |
| | | 1,400,642 | 135,839 |
| Total revenue and other income | | 3,454,668 | 1,992,837 |

NOTE 3: PROFIT FOR THE YEAR

| | | | |
|-----------------------------|--|----------------|----------------|
| Expenses | | | |
| Cost of sales | | 305,062 | 242,868 |
| Finance costs - external | | 35,128 | 46,730 |
| Employee benefits expense | | 763,360 | 731,992 |
| Depreciation | | | |
| Freehold land and buildings | | 120,206 | 78,510 |
| Leasehold improvements | | 40,088 | 37,380 |
| Furniture and fittings | | 8,854 | 6,700 |
| Plant and equipment | | 167,567 | 144,566 |
| Total Depreciation | | 336,715 | 267,156 |

NOTE 4: CASH AND CASH EQUIVALENTS

| | | | |
|--|----|----------------|----------------|
| CURRENT | | | |
| Cash at bank | | 354,009 | 289,360 |
| Cash on hand | | 56,770 | 47,816 |
| Total cash and cash equivalents | 19 | 410,779 | 337,176 |

QUEANBEYAN GOLF CLUB LIMITED
ABN 49 010 767 574

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 5: TRADE AND OTHER RECEIVABLES

| | Note | 2019 | 2018 |
|-------------------|-------------|-------------|-------------|
| | | \$ | \$ |
| CURRENT | | | |
| Trade receivables | 19 | 38,241 | 82,605 |

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. There has been no provision for impairment of receivables during the years ended 31 July 2018 or 31 July 2019.

NOTE 6: INVENTORIES

| | | | |
|---------------|--|--------|--------|
| CURRENT | | | |
| At cost – Bar | | 16,024 | 16,633 |

NOTE 7: OTHER CURRENT ASSETS

| | | | |
|---------------|--|--------|--------|
| CURRENT | | | |
| Prepayments | | 80,236 | 64,832 |
| TAB guarantee | | - | 5,000 |
| | | 80,236 | 69,832 |

QUEANBEYAN GOLF CLUB LIMITED
ABN 49 010 767 574

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

| | Note | 2019 \$ | 2018 \$ |
|--|------|-------------------------|-------------------------|
| LAND AND BUILDINGS | | | |
| Freehold land & buildings – at valuation | | 5,700,000 | 5,163,686 |
| Accumulated depreciation | | - | (671,079) |
| | | <u>5,700,000</u> | <u>4,492,607</u> |
| | | | |
| Leasehold improvements – at cost | | 804,479 | 633,589 |
| Accumulated depreciation | | (504,462) | (464,374) |
| | | <u>300,017</u> | <u>169,215</u> |
| | | | |
| Total land and buildings | | <u>6,000,017</u> | <u>4,661,822</u> |
| | | | |
| PLANT AND EQUIPMENT | | | |
| Furniture and fittings – at cost | | 192,203 | 166,158 |
| Accumulated depreciation | | (97,975) | (146,176) |
| | | <u>94,228</u> | <u>19,982</u> |
| | | | |
| Plant and equipment – at cost | | 1,790,860 | 1,713,743 |
| Accumulated depreciation | | (1,170,849) | (1,054,849) |
| | | <u>620,011</u> | <u>658,894</u> |
| | | | |
| Total plant and equipment | | <u>714,239</u> | <u>678,876</u> |
| | | | |
| Total property, plant and equipment | 18 | <u><u>6,714,256</u></u> | <u><u>5,340,698</u></u> |

QUEANBEYAN GOLF CLUB LIMITED
ABN 49 010 767 574

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movements in Carrying Amounts

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

| | Freehold land & buildings \$ | Leasehold improvements \$ | Furniture and fittings \$ | Plant and equipment \$ | Total \$ |
|--|---|--|--|---------------------------------------|---------------------|
| 2019 | | | | | |
| Carrying amount at 1 August 2018 | 4,492,607 | 169,215 | 19,982 | 658,894 | 5,340,698 |
| Additions at cost | 848,494 | 175,390 | 85,196 | 131,349 | 1,240,429 |
| Disposals | (33,465) | (4,500) | (59,150) | (54,232) | (151,347) |
| Depreciation write-back | 791,285 | - | 57,054 | 51,567 | 899,906 |
| Revaluations | (278,715) | - | - | - | (278,715) |
| Depreciation expense | (120,206) | (40,088) | (8,854) | (167,567) | (336,715) |
| Carrying amount at the end of the year | <u>5,700,000</u> | <u>300,017</u> | <u>94,228</u> | <u>620,011</u> | <u>6,714,256</u> |

Asset Revaluations

The freehold land and buildings were independently valued in July 2019 by independent valuers. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation being recognised in the revaluation surplus for the year ended 31 July 2019.

At 31 July 2019, the directors reviewed the key assumptions made by the valuers. They have concluded that these assumptions remain materially unchanged and are satisfied that the carrying amount does not exceed the recoverable amount of land and buildings at 31 July 2019.

NOTE 9: INTANGIBLE ASSETS

| | 2019 \$ | 2018 \$ |
|--|---|----------------------|
| Poker Machine License | | |
| At cost | <u>51,636</u> | <u>51,636</u> |
| Net carrying amount | <u>51,636</u> | <u>51,636</u> |
| | Poker Machine License \$ | Total \$ |
| 2019 | | |
| Balance at the beginning of the year | <u>51,636</u> | <u>51,636</u> |
| Carrying amount at the end of the year | <u><u>51,636</u></u> | <u><u>51,636</u></u> |

QUEANBEYAN GOLF CLUB LIMITED
ABN 49 010 767 574

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 10: TRADE AND OTHER PAYABLES

| | Note | 2019 \$ | 2018 \$ |
|------------------|------|----------------|----------------|
| CURRENT | | | |
| Accrued expenses | | 115,444 | 134,391 |
| GST payable | | 15,322 | 42,608 |
| Trade payables | | 91,700 | 59,348 |
| | | <u>222,466</u> | <u>236,347</u> |

a. Financial liabilities at amortised cost classified as trade and other payables

| | | | |
|--|----|---------------|---------------|
| Accounts payable and other payables: | | | |
| - total current | | 222,466 | 236,347 |
| Less Accrued expenses | | (115,444) | (134,391) |
| Less GST payable | | (15,322) | (42,608) |
| Financial liabilities as accounts payable and other payables | 19 | <u>91,700</u> | <u>59,348</u> |

NOTE 11: BORROWINGS

| | | | |
|--------------------|----|----------------|----------------|
| CURRENT | | | |
| Bank loan | | 54,336 | 54,336 |
| Golf cart leases | | 41,645 | 28,400 |
| Car lease | | 9,345 | 9,345 |
| Poker machine loan | | - | 7,893 |
| Toro lease | | 58,740 | 58,740 |
| Insurance loan | | 95,199 | 56,949 |
| Phone lease | | 3,012 | 4,860 |
| Greenspro lease | | 2,639 | - |
| Mower lease | | 5,398 | 12,372 |
| | | <u>270,314</u> | <u>232,895</u> |
| NON-CURRENT | | | |
| Bank loan | | 108,666 | 163,001 |
| Golf cart leases | | 99,785 | 84,343 |
| Toro lease | | 127,714 | 169,111 |
| Car lease | | 2,808 | 12,396 |
| Greenspro lease | | 7,370 | - |
| Phone lease | | - | 3,012 |
| Mower lease | | - | 16,034 |
| | | <u>346,343</u> | <u>447,897</u> |
| Total borrowings | 19 | <u>616,657</u> | <u>680,792</u> |

The bank loan is secured by a registered mortgage over the properties situated at Booth Street and Dodsworth Street Queanbeyan.

Leased liabilities are secured by the underlying asset.

NOTE 12: OTHER LIABILITIES

| | 2019 \$ | 2018 \$ |
|--------------------------|----------------|----------------|
| CURRENT | | |
| Subscriptions in advance | <u>417,282</u> | <u>305,659</u> |

QUEANBEYAN GOLF CLUB LIMITED
ABN 49 010 767 574

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 13: PROVISIONS

| | 2019 | 2018 |
|--------------------|-------------|-------------|
| | \$ | \$ |
| Current | | |
| Annual leave | 33,751 | 36,057 |
| Long service leave | - | 4,968 |
| | 33,751 | 41,025 |
| Non-Current | | |
| Long service leave | 22,176 | 19,949 |
| | 22,176 | 19,949 |
| | 55,927 | 60,974 |

| | Annual Leave | Long Service Leave | Total |
|----------------------------------|---------------------|---------------------------|--------------|
| | \$ | \$ | \$ |
| Analysis of total provisions | | | |
| Opening balance at 1 August 2018 | 36,057 | 24,917 | 60,974 |
| Movement in year | (2,306) | (2,741) | (5,047) |
| Balance at 31 July 2019 | 33,751 | 22,176 | 55,927 |

Provision for employee benefits

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

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

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

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 upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(e).

QUEANBEYAN GOLF CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 14: CAPITAL AND LEASING COMMITMENTS

| | 2019 | 2018 |
|--|-------------|-------------|
| | \$ | \$ |
| a. Finance Lease Commitments | | |
| Payable - minimum lease payments | | |
| - not later than 12 months | 239,663 | 191,338 |
| - between 12 months but not later than 5 years | 276,015 | 341,692 |
| | 515,678 | 533,030 |
| Minimum lease payments | 515,678 | 533,030 |

The Chattel lease for one Toro Mower was entered in December 2014 for a period of 5 years.
The finance lease for one Aristocrat poker machine was entered in August 2015 for 3 years.
The finance lease for 4 new golf carts was entered in October 2015 for a period of 5 years.
The finance lease for one Toyota Hilux was entered in September 2015 for a period of 5 years.
The finance lease for one Ainsworth poker machine was entered October 2015 for a period of 3 years.
The Chattel lease for Toro Mowers equipment (6 pieces) was entered in July 2017 for a period of 5 years.
The Chattel lease for one Toro Mower was entered in December 2017 for a period of 5 years.
The finance lease for 10 new golf carts was entered in August 2017 for a period of 4 years.
The finance lease for 1 Ainsworth poker machine was entered in October 2017 for a period of 1 year.
The finance lease for 6 Club Carts was entered in March 2019 for a period of 4 years.

b. Operating Lease Commitments

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

| | 2019 | 2018 |
|--|-------------|-------------|
| | \$ | \$ |
| Payable - minimum lease payments: | | |
| - not later than 12 months | - | - |
| - between 12 months but not later than 5 years | - | - |
| | - | - |
| | - | - |

NOTE 15: EVENTS AFTER THE REPORTING PERIOD

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

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

| | 2019 | 2018 |
|--|-------------|-------------|
| | \$ | \$ |
| Key management personnel compensation: | 100,603 | 106,141 |

QUEANBEYAN GOLF CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 17: OTHER RELATED PARTY TRANSACTIONS

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

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

During the year ended 31 July 2019, Queanbeyan Golf Club Limited made payments of \$189,486 to Daniel Goodchild for the supply and installation of concrete cart paths as part of the Stronger Country Community Fund grant. These transactions were made at arm's length and represent a standard market rate.

NOTE 18: RESERVES

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

The freehold land and buildings were independently valued in July 2019 by independent valuers. The movements in carrying amounts were as follows:

| Item | Previous carrying amount | Revalued amount |
|---------------------------------|--------------------------|--------------------|
| Land – 3 Brown Street | \$780,000 | \$960,000 |
| Land – 3 Booth Street | \$180,000 | \$240,000 |
| Land – 1A (5) Dodsworth Street | \$200,000 | \$200,000 |
| Land – 1A Dodsworth Street | \$1,286,863 | \$1,700,000 |
| Improvements – 5 Brown Street | \$1,400,482 | \$2,100,000 |
| Pro Shop | \$230,011 | \$320,000 |
| Buildings – 1A Dodsworth Street | \$99,671 | \$180,000 |
| | <hr/> | <hr/> |
| Total | <u>\$4,177,027</u> | <u>\$5,700,000</u> |

NOTE 19: FINANCIAL RISK MANAGEMENT

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

The carrying amounts 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 | 2019 \$ | 2018 \$ |
|--|------|----------------|----------------|
| Financial assets | | | |
| Cash and cash equivalents | 4 | 410,779 | 337,176 |
| Loans and receivables | 5 | <u>38,241</u> | <u>82,605</u> |
| Total financial assets | | <u>449,020</u> | <u>419,781</u> |
| Financial liabilities | | | |
| Financial liabilities at amortised cost: | | | |
| – trade and other payables | 10a | 91,700 | 59,348 |
| – borrowings | 11 | <u>616,657</u> | <u>680,792</u> |
| Total financial liabilities | | <u>708,357</u> | <u>740,140</u> |

QUEANBEYAN GOLF CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material contingent liabilities or contingent assets existing at the end of the financial period.

NOTE 21: ENTITY DETAILS

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

Queanbeyan Golf Club Limited
Brown Street
Queanbeyan NSW 2620

NOTE 22: GOING CONCERN – MATERIAL UNCERTAINTY

The financial statements have been prepared on a going concern basis, which assumes that the company will be able to meet its debts as and when they fall due. For the financial year ended 31 July 2019, the company made a profit of \$872,598 (2018: loss \$283,376). At the balance date, its current liabilities exceeded its current assets by \$398,533 (2018: \$309,680). The current year profit of \$872,598 included a one-off grant receipt of \$1,200,000, which was utilised on capital improvements. Had this grant not been received, the company would have incurred an operational loss of \$169,486¹. These conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

On the basis of changes to the operations of the club, future forecasts and cost saving measures, management believes that the company will continue as a going concern for the foreseeable future. Management acknowledge that uncertainty remains over the ability for the company to meet its funding requirements and to refinance or repay its banking facilities as they fall due.

After a period of consolidation, and prudent use of grant funds to refurbish the clubhouse and golf course assets, the club's Board of Management have established strategic goals and targets, aimed squarely at maximising the profitability of operations, both on and off the golf course. These increases in profitability will provide sufficient funds to assist in reducing liabilities.

For the first three months of the new financial year (1 August 2019 – 31 October 2019), unaudited operating profit is 90% higher than the same quarter last year, and 10% higher than budgeted expectations.

In terms of net (bottom line) profit, the club has posted an unaudited \$43,100.00 net profit for the first quarter 2020, versus a loss of \$6,700.00 for the same period last year. This profit has also outperformed budget expectations by \$14,300, or 50%.

¹ Calculated as a profit of \$872,598, less \$1,094,185 in capitalised property, plant and equipment, plus \$52,101 in accumulated depreciation.

QUEANBEYAN GOLF CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

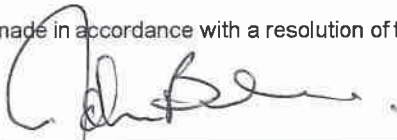
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Queanbeyan Golf Club Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 24, 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 of the company as at 31 July 2019 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director



Name

John Bull

Dated this 15th day of November 2019

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

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Queanbeyan Golf Club Limited (the company), which comprises the statement of financial position as at 31 July 2019, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Queanbeyan Golf Club Limited has been prepared in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 31 July 2019 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 22 in the financial report, which indicates that the company's net current liabilities exceed its net current assets by \$398,533 for the year ended 31 July 2019. As stated in Note 22, these events or conditions, along with other matters as set forth in Note 22, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 July 2019 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

