

Hervey Bay Boat Club Inc.

FINANCIAL STATEMENTS

For the year ended 30 June 2017



Hervey Bay Boat Club Inc.

Contents

For the Year Ended 30 June 2017

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Hervey Bay Boat Club Inc.

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue	4	39,487,400	42,919,361
Other income	4	273,738	331,704
Cost of sales		(24,666,382)	(27,226,872)
Employee benefits expense		(7,135,770)	(7,063,937)
Depreciation and amortisation expense	5	(1,205,786)	(1,443,733)
Government Fees and Gaming Taxes		(2,063,104)	(2,400,665)
Profit/Loss on Sale of Assets		(1,820)	2,063
Utilities		(799,522)	(791,534)
Advertising and Marketing		(208,276)	(225,842)
Rates and Taxes		(236,831)	(224,065)
Repairs and Maintenance		(179,860)	(272,323)
Property Lease Expenses		(417,480)	(388,813)
Free Entertainment		(352,756)	(361,084)
Insurance and Workcover		(394,772)	(433,809)
Member Expenses and Promotions		(653,293)	(705,084)
Other expenses		(758,370)	(930,650)
Cleaning and Rubbish Removal		(152,171)	(135,099)
Interest Paid		(383,496)	(424,154)
Audit and Accounting Fees		(28,034)	(70,091)
Bank Fees and Charges		(65,281)	(53,744)
Profit before income tax		58,134	101,629
Income tax expense		-	-
Profit from continuing operations		58,134	101,629
Profit for the year		58,134	101,629
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		58,134	101,629

The accompanying notes form part of these financial statements.

Hervey Bay Boat Club Inc.

Statement of Financial Position

30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	310,629	327,894
Trade and other receivables	7	38,044	109,181
Inventories	8	261,382	290,694
Other assets	11	80,000	76,859
TOTAL CURRENT ASSETS		690,055	804,628
NON-CURRENT ASSETS			
Investments		50,750	60,208
Property, plant and equipment	9	16,687,281	17,561,168
Intangible assets	10	25,000	48,250
TOTAL NON-CURRENT ASSETS		16,763,031	17,669,626
TOTAL ASSETS		17,453,086	18,474,254
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,678,724	1,572,979
Borrowings	13	1,829,236	1,883,228
Employee benefits		897,395	809,360
TOTAL CURRENT LIABILITIES		4,405,355	4,265,567
NON-CURRENT LIABILITIES			
Borrowings	13	5,866,940	7,048,447
Employee benefits		51,332	88,915
TOTAL NON-CURRENT LIABILITIES		5,918,272	7,137,362
TOTAL LIABILITIES		10,323,627	11,402,929
NET ASSETS		7,129,459	7,071,325
EQUITY			
Retained earnings		7,129,459	7,071,325
TOTAL EQUITY		7,129,459	7,071,325

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2017

2017

	Retained Earnings \$	Total \$
Balance at 1 July 2016	7,071,325	7,071,325
Profit attributable to members of the parent entity	58,134	58,134
Balance at 30 June 2017	7,129,459	7,129,459

2016

	Retained Earnings \$	Total \$
Balance at 1 July 2015	6,969,696	6,969,696
Profit attributable to members of the parent entity	101,629	101,629
Balance at 30 June 2016	7,071,325	7,071,325

Hervey Bay Boat Club Inc.

Statement of Cash Flows For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest Paid		(377,900)	(424,154)
Sales/Fees		39,831,822	47,607,390
Cash paid to suppliers and employees		(37,919,327)	(45,750,954)
Interest Received		453	1,358
Net cash provided by/(used in) operating activities		<u>1,535,048</u>	<u>1,433,640</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant & equipment		35,628	6,232
Payments for property, plant & equipment		(146,448)	(1,354,587)
Payments for intangibles		-	(22,500)
Proceeds from sale of intangibles		22,500	-
Net cash used by investing activities		<u>(88,320)</u>	<u>(1,370,855)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		-	980,000
Repayment of borrowings		(1,311,181)	(1,127,733)
Net cash used by financing activities		<u>(1,311,181)</u>	<u>(147,733)</u>
Net increase/(decrease) in cash and cash equivalents held		135,547	(84,948)
Cash and cash equivalents at beginning of year		<u>(251,734)</u>	<u>(166,786)</u>
Cash and cash equivalents at end of financial year	6	<u>(116,187)</u>	<u>(251,734)</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2017

The financial statements cover Hervey Bay Boat Club Inc. as an individual entity. Hervey Bay Boat Club Inc. is a not-for-profit Association incorporated in Queensland under the *Associations Incorporation Act (QLD) 1981* ('the Act').

The functional and presentation currency of Hervey Bay Boat Club Inc. is Australian dollars.

The financial report was authorised for issue by the Committee of Management on 4 September 2017.

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 and the Act.

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

Current income tax expense - Not-for-profit entities

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Non-member income

Non-member income of the association is only assessable for tax, as member income is excluded under the principle of mutuality.

(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 Association 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.

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(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 Association 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.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

Other income

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

(d) Finance costs

Finance cost includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

(e) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(e) Goods and services tax (GST)

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

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

(f) 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 is net of any rebates and discounts received.

(g) Property, plant and equipment

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

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Association, 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.

The estimated useful lives/depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Useful life/ depreciation rate
Buildings	16 - 25 years
Plant and Equipment	10% - 50%
Furniture, Fixtures and Fittings	20% - 40%
Office Equipment	10% - 50%
Computer Equipment	66.67%

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(g) Property, plant and equipment

Fixed asset class	Useful life/ depreciation rate
Leasehold improvements	2.5% - 20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Financial instruments

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.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Association's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(h) Financial instruments

liabilities depending on the purpose for which the liability was acquired. Although the Association uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Association's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Association assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(i) 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.

(j) Employee benefits

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

3 Critical Accounting Estimates and Judgments

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.

Key estimates - impairment of property, plant and equipment

The Association assesses impairment at the end of each reporting period by evaluating conditions specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Notes to the Financial Statements

For the Year Ended 30 June 2017

4 Revenue and Other Income

Revenue from continuing operations

	2017 \$	2016 \$
Sales revenue		
- Caravan Park Income	671,073	678,866
- Beverage and Catering Income	9,209,333	9,119,862
- Poker Machine Income	25,567,172	29,523,489
- KENO and TAB Income	170,390	197,511
- Whale Watching, Charter Boat and Cruise Income	499,851	543,020
- Marina and Boat Income	535,641	562,164
- Functions Income	376,804	384,887
- Fuel Income	2,273,573	1,721,548
- Cinema Income	5,455	-
- Membership Income	178,108	188,014
	<u>39,487,400</u>	<u>42,919,361</u>
Other revenue		
- Rental Income	59,437	53,979
- Other income	92,672	146,597
- Commissions	121,629	131,128
	<u>273,738</u>	<u>331,704</u>
Total Revenue	<u>39,761,138</u>	<u>43,251,065</u>

5 Result for the Year

The result for the year includes the following specific expenses:

Amortisation expense	626,969	586,611
Depreciation	578,817	857,122
Superannuation contributions	589,950	586,216
Donations/Sponsorship	58,684	116,842

Notes to the Financial Statements

For the Year Ended 30 June 2017

6 Cash and Cash Equivalents

Cash at bank and in hand

310,629	327,894
310,629	327,894

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

Bank overdrafts

310,629	327,894
13 (426,816)	(579,628)

Balance as per statement of cash flows

(116,187)	(251,734)
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7 Trade and Other Receivables

CURRENT

Trade receivables

Bonds

Other receivables

Total current trade & other receivables

2017	2016
\$	\$
18,630	16,672
12,000	12,000
7,414	80,509
38,044	109,181

8 Inventories

CURRENT

Finished goods, at cost

Finished goods, at cost

261,382	290,694
261,382	290,694

Notes to the Financial Statements

For the Year Ended 30 June 2017

9 Property, plant and equipment

LAND AND BUILDINGS		
At cost	2,150,000	2,150,000
Total land, at cost	2,150,000	2,150,000
Buildings		
At cost	3,632,432	3,632,432
Under lease	4,686,258	4,683,851
Accumulated depreciation	(1,035,466)	(617,646)
Total buildings	7,283,224	7,698,637
Total land and buildings	9,433,224	9,848,637
PLANT AND EQUIPMENT		
Plant and equipment, at cost	5,016,253	4,942,640
Accumulated depreciation	(3,828,230)	(3,611,471)
Total plant and equipment	1,188,023	1,331,169
Motor vehicles & Other Vessels		
At cost	1,563,363	1,643,985
Accumulated depreciation	(701,308)	(626,544)
Total motor vehicles	862,055	1,017,441
Leasehold Improvements		
At cost	13,153,853	12,990,234
Accumulated amortisation	(8,351,090)	(8,142,274)
Total leasehold improvements	4,802,763	4,847,960
Poker Machines, at cost	3,110,159	3,004,185
Accumulated depreciation	(2,708,943)	(2,488,224)
Total Property, plant and equipment	401,216	515,961
Total property, plant & equipment	16,687,281	17,561,168

Notes to the Financial Statements For the Year Ended 30 June 2017

9 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

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

Parent	Land \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Improvements \$	Poker Machines \$	Total \$
Year ended 30 June 2017							
Balance at the beginning of year	2,150,000	7,698,637	1,331,169	1,017,441	4,847,960	515,961	17,561,168
Additions	-	2,407	73,613	20,818	163,616	108,859	369,313
Disposals - written down value	-	-	-	(38,393)	-	-	(38,393)
Depreciation expense	-	(417,820)	(216,759)	(137,811)	(208,813)	(223,604)	(1,204,807)
Balance at the end of the year	2,150,000	7,283,224	1,188,023	862,055	4,802,763	401,216	16,687,281
Parent	Land \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Improvements \$	Poker Machines \$	Total \$
Year ended 30 June 2016							
Balance at the beginning of year	2,150,000	8,124,779	1,269,321	1,143,879	4,329,936	636,566	17,654,481
Additions	-	-	422,633	29,592	720,022	182,340	1,354,587
Disposals - written down value	-	-	-	(4,169)	-	-	(4,169)
Depreciation expense	-	(426,142)	(360,785)	(151,861)	(201,998)	(302,945)	(1,443,731)
Balance at the end of the year	2,150,000	7,698,637	1,331,169	1,017,441	4,847,960	515,961	17,561,168

Notes to the Financial Statements

For the Year Ended 30 June 2017

10 Intangible Assets

	2017	2016
	\$	\$
Other intangible assets		
Cost	25,000	48,250
Total Intangibles	25,000	48,250

11 Other Assets

CURRENT		
Prepayments	80,000	76,859
	80,000	76,859

12 Trade and Other Payables

CURRENT		
Unsecured liabilities		
Trade payables	867,978	758,771
Deposits	61,842	52,789
GST payable	138,472	269,808
Accrued expenses	386,629	382,721
Subscriptions in advance	142,163	78,096
Other payables	81,640	30,794
	1,678,724	1,572,979

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

13 Borrowings

CURRENT		
Secured liabilities:		
Bank overdraft	426,816	579,628
Bank loans	1,402,420	1,303,600
Total current borrowings	1,829,236	1,883,228
NON-CURRENT		
Secured liabilities:		
Bank loans	5,866,940	6,891,100
Other financial liabilities	-	157,347
Total non-current borrowings	5,866,940	7,048,447

Notes to the Financial Statements

For the Year Ended 30 June 2017

13 Borrowings

(a) Borrowings Refinance

In August 2017 the Club refinanced all its bank loans and the majority of its chattel mortgages. As a result of this refinancing the principal repayment due in the next 12 months is expected to be \$942,480.

(b) Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

(c) Securities

The following securities are in place for the Club's borrowings:

(i) Chattel Mortgages over the related plant and equipment;

(ii) Registered Mortgages over 8 Pier Street, Urangan; Hervey Bay Boat Club (Including Harbour Fuels) at Buccaneer Drive and Jetty Street; and Harbour View Caravan Park;

(iii) Bills of Sales over all assets of the above properties including: plant and equipment; furniture and fittings; stock; motor vehicles and liquor and other licenses

14 Capital and Leasing Commitments

Operating Leases

	2017	2016
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	474,325	387,468
- between one year and five years	2,570,462	2,247,949
- later than five years	6,351,150	6,755,540
	<u>9,395,937</u>	<u>9,390,957</u>

The Boat Club, Marina and Fuel Station are located in an area subject to a lease from the Department of Transport. The original lease commenced in 1970. The current lease commenced on 1 April 2006 and has an expiration date of 30 June 2032. The commitments shown above take into account the rent payable on the lease from 2016 to 2032.

15 Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel of Hervey Bay Boat Club Inc. is \$394,244 (2016: \$380,796)

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 17: Related Party Transactions.

Hervey Bay Boat Club Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2017

16 Contingencies

Contingent Liabilities

Hervey Bay Boat Club Inc. had the following contingent liabilities at the end of the reporting period:

The title to the Pialba Bowls Memorial Services Club Inc. was transferred to the Hervey Bay Boat Club Inc. on 22 April 2014. This title must be held in escrow pending the Hervey Bay Boat Club Inc. complying with its obligations regarding the new or redeveloped Bowls Club facility. The escrow obligation lapses after 10 years from the transfer date i.e. 22 April 2024 regardless.

17 Related Parties

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

(i) Key management personnel:

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

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

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

(b) Transactions with related parties

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

The following transactions occurred with related parties:

	Purchases	Sales	Other transactions	Balance outstanding	
				Owed to the company	Owed by the company
Other related parties					
David Nash Smash Repairs	701	-	-	-	-
Action Joinery	1,670	-	-	-	-
Hervey Bay Dive Centre	-	28,241	-	-	-

Sales made to Hervey Bay Dive Centre related to the sale of a whale watch licence and the applicable annual fee.

18 Events after the end of the Reporting Period

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

Hervey Bay Boat Club Inc.

Directors' Declaration

In the opinion of the committee the financial report as set out on pages 1 to 18:

- (a) present fairly the financial position of Hervey Bay Boat Club Inc. as at 30 June 2017 and its performance for the year ended on that date in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Associations Incorporations Act 1981*.
- (b) at the date of this statement, there are reasonable grounds to believe that Hervey Bay Boat Club Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:

President



Treasurer



Dated 4 September 2017

Hervey Bay Boat Club Inc.

Independent Audit Report to the members of Hervey Bay Boat Club Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hervey Bay Boat Club Inc. (the Association), which comprises the statement of financial position as at 30 June 2017, 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 declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the Association's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Associations Incorporation Act 1981.

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 Association in accordance with the auditor independence requirements of 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.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with *the Associations Incorporation Act 1981*, and for such internal control as management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the the Association'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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's 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 Association'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 reporter, 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 Association 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 management 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.

Murray McDonald
Director - Audit
Davies Knox Maynards

South Brisbane
4 September 2017

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