



2015

Audited Financial Statements

Hervey Bay Boat Club Inc.

Prepared By:

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Hervey Bay Boat Club Inc.
Financial Report
For the year ended 30 June 2015

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Income and Expenditure Statement
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Income			
Boat Club		34,430,132	36,416,612
Sportsmens Club		4,419,826	4,673,099
Pialba Bowls		324,988	35,350
Caravan Park		676,228	644,965
Charter Boat		248,425	
Marina Operations		617,677	615,363
Service Station		2,300,800	2,966,028
Other income	3	733,017	794,131
Total income		<u>43,751,093</u>	<u>46,145,548</u>
Expenses			
Cost of Goods sold		27,504,119	28,365,715
Government fees & gaming taxes		2,507,284	3,621,719
Advertising & marketing		263,276	254,060
Bank Fees & Charges		59,981	66,312
Cleaning & rubbish removal		143,923	144,472
Free Entertainment		372,129	386,233
Utilities		781,865	833,870
General expenses		990,079	829,086
Insurance & Workcover Qld		443,875	423,241
Interest paid		516,989	610,541
Property Leases		391,016	648,070
Member Expenses and Promotions		796,834	649,211
Audit & Accounting fees		85,370	75,231
Legal & Professional Fees		16,987	76,581
Rates & land taxes		249,528	194,704
Repairs & maintenance		308,261	319,385
Employee expenses	4	7,206,599	6,913,933
Total Expenses		<u>42,638,117</u>	<u>44,412,366</u>
Profit (loss) from Operating		<u>1,112,977</u>	<u>1,733,182</u>
Non-Operating Income & Expenses			
(Profit) / Loss on asset sales		119,907	(3,112)
Associated Sporting Clubs Net (Profit)/Loss		192,981	(3,620)
Acquisition of Pialba Bowls Club Plant & Equipment		0	(100,000)
Provision for annual & long service leave		118,591	(26,334)
Depreciation		774,934	727,616
Amortisation Leasehold Improvements		610,379	590,198
Total Non-Operating Expenses		<u>1,816,791</u>	<u>1,184,748</u>
Net Profit (loss)		<u>(703,815)</u>	<u>548,435</u>

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached audit report.

Hervey Bay Boat Club Inc.
Assets and Liabilities Statement
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Current Assets			
Cash		237,071	299,907
Trade & Other Receivables	5	211,456	253,222
Inventories		298,143	328,664
Investments		85,957	75,750
Total current assets		832,626	957,542
Non-Current Assets			
Property, Plant and Equipment	9	17,654,482	18,519,554
Other		13,328	17,898
Total non-current assets		17,667,810	18,537,452
Total Assets		18,500,437	19,494,994
Current Liabilities			
Bank overdrafts		403,857	313,240
Trade & Other Payables	6	1,778,511	1,329,491
Interest Bearing Liabilities	7	1,097,134	1,553,487
Employee Provisions	8	848,591	730,000
Total current liabilities		4,128,094	3,926,218
Non-Current Liabilities			
Interest Bearing Liabilities	7	7,402,647	7,895,266
Contingent Liabilities		1,100,000	1,100,000
Total non-current liabilities		8,502,647	8,995,266
Total Liabilities		12,630,740	12,921,484
Net Assets		5,869,696	6,573,510
Equity			
Members Funds		6,573,510	6,025,076
Retained profits / (accumulated losses)		(703,815)	548,435
Total Equity		5,869,696	6,573,510

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached audit report.

Hervey Bay Boat Club Inc.
ABN 49 540 353 248
Notes to the Financial Statements
For the year ended 30 June 2015

Note 1: Statement of Significant Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporations Act Queensland. The committee has determined that the association is not a reporting entity.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

(a) Income Tax

The club adopts the liability method of tax-effect accounting whereby the income tax expense shown in the income statement is based on the operating profit before income tax adjusted for any permanent differences

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

(b) Fixed Assets

Amortisation has been provided on leasehold improvements to write-off the costs of the asset over the remainder of the lease.

Property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation. The depreciable amount of all fixed assets (other than leasehold improvements) are depreciated over their useful lives commencing from the time the asset is held ready for use.

Any gains or losses on disposal of assets (calculated as the difference between the net proceeds from disposal and the net book value of the item) is recognised in the profit and loss.

(c) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

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(d) Provisions

Provisions are recognised when the company 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 are measured at the best estimate of the amount required to settle the obligation at reporting date.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(f) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

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

Grant and donation income is recognised when the entity obtains control over the funds which is generally at the time of receipt.

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

(g) Leases

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

Finance leases are capitalised by recording an asset and 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 that period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification basis and include direct costs and appropriate overheads, if any.

(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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(j) Investments

Investments held are originally recognised at cost which includes transaction costs. They are subsequently measured at fair value which is equivalent to their market bid price at reporting date. Movements in fair value are recognised through an equity reserve.

(k) Contingent Liabilities

The title to the Pialba Bowls Memorial Services Club Inc. must be held in escrow pending the Hervey Bay Boat Club complying with its obligations regarding the new or redeveloped Bowls Club facility but the escrow obligation lapses after 10 years from the transfer regardless. This has been recorded as a contingent liability to the amount of \$1,100,000.00

(l) Going Concern

The financial report has been prepared on a going concern basis however as current liabilities exceed current assets by \$ 3,295,468 as at 30 June 2015, there is a potential uncertainty however unlikely whether the Hervey Bay Boat Club Inc will be able to continue as a going concern.

However, the Club shows a healthy overall net asset position and with the continued support of its financiers and trade creditors it will have access to sufficient funds to pay its immediate liabilities when they fall due.

Historically the Club has always been in the challenging position of current liabilities significantly exceeding current assets, due to the Clubs strategic plans and aggressive approach to achieving growth in the Members assets and facilities.

The unforeseen local economic downturn was identified in the second quarter of the year resulting in the Club undertaking a review of all operations to ensure appropriate measures were put in place. The Club has made the necessary redundancies, reduced operating costs and implemented very disciplined controls to manage expenses on going thus ensuring there is sufficient cash flow to meet current

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liabilities trading forward. This will be a continuing process as the Club operates through the current difficult economic climate.

The following points have been major factors contributing to the abnormal position for the year.

- 1) The commencement of one new venture along with the merger with the Pialba Bowls Club has impacted on the year end position. Additional expenses incurred in establishing the Pialba Bowls Club and Charter Boat operations have had a significant impact on profitability and cash flow.
- 2) It was identified that the employee leave entitlements were inadequately provided for resulting in a one off balance sheet adjustment of \$108,764 increasing current liabilities.
- 3) Asset balances relating to the Intra Clubs were previously recorded in the accounts. An adjustment has been made to write off these balances thus reducing net assets by \$69,843.

Note 2: Comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 3: Other Income

Commissions	154,410	189,594
Subscriptions	204,443	216,013
Rental income	78,495	42,215
Grant Income	15,345	27,515
Other	<u>280,324</u>	<u>318,794</u>
	<u>733,017</u>	<u>794,131</u>

Note 4: Employee Expenses

Wages & salaries	6,196,277	5,912,298
Superannuation	601,063	537,909
Payroll tax	314,268	309,367
Other Benefits	<u>94,991</u>	<u>154,359</u>
	<u>7,206,599</u>	<u>6,913,933</u>

Note 5: Trade and other receivables

Trade debtors	101,356	29,080
Other debtors	18,115	46,868
Bonds	12,000	12,000
Associated Sports Clubs		69,843
Prepayments	<u>79,985</u>	<u>95,431</u>
	<u>211,456</u>	<u>253,222</u>

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Notes to the Financial Statements
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	2015	2014
Note 6: Trade and other payables		
Trade creditors	911,934	729,823
Subscriptions in Advance	79,820	89,223
Function Deposits	37,104	32,093
GST liabilities	208,360	203,434
Accrued Expenses	452,717	257,587
Other creditors	88,576	17,331
	<u>1,778,511</u>	<u>1,329,491</u>
Note 7: Interest Bearing Liabilities		
Current Liabilities		
Bank Loans	958,075	1,404,704
Finance leases	139,059	148,783
	<u>1,097,134</u>	<u>1,553,487</u>
Non-current liabilities		
Bank Loans	7,097,107	7,730,612
Finance leases	305,540	164,654
	<u>7,402,647</u>	<u>7,895,266</u>
Note 8: Employee Benefits		
Annual leave	417,301	349,591
Long Service Leave	431,290	380,409
	<u>848,591</u>	<u>730,000</u>
Note 9: Property, Plant and Equipment		
	Cost	Depreciation
Land & buildings	4,882,432	
Leasehold Property – Marina	2,870,196	
Leasehold Property – Caravan Park	2,660,853	138,702
Leasehold Improvements	12,270,211	7,940,275
Plant & Equipment	8,852,488	5,983,058
Motor Vehicles	468,853	288,516
	<u>32,005,033</u>	<u>14,350,551</u>
	2015	2014
Fixed Asset Net Book Value	<u>17,654,482</u>	<u>18,519,554</u>

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Statement by the Board of Directors
For the year ended 30 June 2015

The Board of Directors has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Board of Directors the Trading Statements, Income and Expenditure Statements, Assets and Liabilities Statement, and Notes to the Financial Statements:


Presents a true and fair view of the financial position of Hervey Bay Boat Club Inc. as at 30 June 2015 and its performance for the year ended on that date.

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 Board of Directors and is signed for and on behalf of the Board of Directors by:



President



Treasurer

Dated this 15 day of September 2015.

Hervey Bay Boat Club Inc.
ABN 49 540 353 248
Independent Auditor's Report to the Members

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Hervey Bay Boat Club Inc., which comprises the assets and liabilities statement as at 30 June 2015 for the year then ended, the income and expenditure statement, notes comprising a summary of significant accounting policies and other explanatory information, and the certification by members of the committee on the annual statements giving a true and fair view of the financial position and performance of the association.

Committee's Responsibility for the Financial Report

The committee of the association is responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Associations Incorporation Act Queensland and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Auditor's Opinion

In our opinion, the financial report of Hervey Bay Boat Club Inc. presents fairly, in all material respects the financial position of Hervey Bay Boat Club Inc. as of 30 June 2015 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the Associations Incorporation Act Queensland.

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Independent Auditor's Report to the Members

Emphasis of Matter

Without modifying our opinion we draw attention to Note 1 (I) Going Concern, in the financial report which indicates that current liabilities exceed current assets by \$ 3,295,468 during the year ended 30 June 2015. This condition, along with other matters as set forth in Note 1 (I) Going Concern, indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



15th September 2015

Richard McGrath , BBus FCA
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