

LANE COVE COUNTRY CLUB LTD

A.B.N. 50 000 361 142

(A Company Limited by Guarantee)

**Trading as
LANE COVE GOLF CLUB**



ANNUAL REPORT 2017/2018

**FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018**

PRESIDENT'S REPORT

Introduction

It is my pleasure to deliver the President's Report for 2018-19, our 54th year of golf at Lane Cove and my second as President.

The year has been an interesting one for the Club and further changes are likely to occur over the next few years. Most notably Land Cove Council (LCC) has now commenced the long-awaited Precinct Redevelopment process which, when complete, will see an entirely new clubhouse and multifunction sport centre as a community hub. The funds are apparently now secured and all that remains are the planning and delivery phases which are still likely to take some time to complete.

The Board will be working hard through this process to reduce the impact felt by our Members. We will know more as the process continues. In the meantime, it is business as usual and we will maintain our focus on providing services to our Membership which are consistent with our Mission Statement:

"A Friendly, Affordable, Community Based Golf Club"

This guiding statement and principle has been applied in all aspects of the Club and Board's activities throughout the past year and will continue to be our core focus for 2019 and beyond.

This report provides an opportunity for me to outline some of the outcomes achieved and future issues that the Board will be responding to over the coming 12 months.

Acknowledgements and Thanks

But first I would like to acknowledge and thank the wonderful people we have at Lane Cove Golf Club which make our Club so welcoming and unique. Like many clubs we would not exist without the hard work and support of so many of our Volunteer Members, thank you all.

Thanks also to my co-Directors both past and present:

Maureen Dunn
John Erasmus

Michael Meade
Stuart McDonald

Robyn Seale
Barry Watkin

Joan Weine

Particular thanks to Stuart McDonald for his work as Treasurer. This is definitely the hardest and most time-consuming element of the Board's activities and his service in this area is much appreciated.

As we all know Barry Watkin has experienced a very serious health issue this year and it is good to see him back on the Board but more importantly on the road to recovery and hopefully back on the course soon. In his absence, thanks go to Graham Webster who has assisted during Barry's recent illness and contributed significantly with advice to the Board on various issues.

The organisation of more than 250 competition events each year, plus the inter-club pennant teams and special events, takes a lot of hard work and dedication. Our Men's and Women's Golf Committees efforts ensure that our regular golfing activities and competitions run smoothly making the golf outings on the course even more enjoyable.

We also have many volunteers who complete grant applications, projects and repairs throughout the year. Of note this year is the new cart shed thanks to Barry Watkin in organising the grant and coordinating the work.

Throughout the year we have various Volunteer Members contributing to the Club like Ralph Sadler with our Club Newsletter "*Links*" now in its 13th year of publication and Ralph also contributes significantly along with Evan Jones as our Warren & Gibson Team Managers.

Sue Kallas, Wayne Belgre and Evan Jones are regular contributors to "*Links*" with news and results on our golfing activities and for this we thank them.

Other Members are regularly involved with day to day activities and maintenance and I extend our thanks to these people who help make things run smoothly.

Please accept my apologies if I have missed out on acknowledging and thanking anyone who has contributed to our Club life this year. Despite any oversight on my part I am confident that your contributions do not go un-noticed and are much appreciated by our Members.

To those people - thank you all!

Beyond the volunteers we have a compliment of personnel involved in running and maintaining the course, club house, bar and other facilities.

We also benefit greatly from the significant contribution to LCGC from Kent Lipman our Club Manager - thank you Kent for your enthusiasm, efficiency and wholehearted support of our Club and its Members. Kent is now moving into a part-time job share arrangement with our new Administrator, Philippa Silva. I am sure you will all join me in welcoming Philippa and thanking Kent.

Thanks are extended to our bar management team Supervisor, Warwick Bowman, his staff and to Gary Holmes for the bar operations and work in the cellar to ensure our beer is cold and served with a smile and a comforting or congratulatory word after our days golf.

Thank you also to the Pro-Shop team for the starting activities, competition fee collections etc. and especially Kasey Dive, for the magnificent growth in the junior introduction to golf program. We look forward to welcoming some of these new recruits into our Membership ranks.

Thanks also to Lane Cove Council and best wishes to Bob Batho who has now moved on after his time with us as Green Keeper. The course maintenance team have encountered some extraordinary weather conditions this year including a significant period without rain.

The lack of water and heavy shade on some of the tee areas makes for a difficult job and despite this, the course and particularly the greens, has remained in pretty good condition. However, Bob's departure has clearly affected the course and so there is some catch up work to do.

Council have now engaged Green Options on a contract basis to provide the course maintenance. Green Options have been providing a similar service to Randwick Golf Course and have recently been rewarded with a contract renewal there, so we look forward to seeing the results of their efforts and expertise as we head into summer.

Our thanks and appreciation should also go to the Mayor and Club Patron, Pam Palmer, for the interest and support shown to our Club and to her team including Craig Wrightson, General Manager - Martin Terescenko, [Executive Manager Open Space and Urban Services](#) - David Stevens, Manager Commercial Operations and Bryan Dempsey, Manager Civic Services.

Planning

The 3-way way relationship between Club, Council and Course Manager has always presented challenges but I am happy to say that our relationship with Council continues to improve year on year and with the site redevelopment process now underway there are significant opportunities to revisit and improve some of the traditional arrangements to achieve a more suitable structure and provide a better alignment of each parties overall goals.

The new development process has provided a catalyst for this process and we will seek to capitalise on this to grow our Memberships and establish an arrangement that encourages both Council and the Course Manager to participate actively in this Membership growth program.

Your Board continues to navigate its way through the various issues guided by our Strategic Plan 2015-2019 which is now due for a refresh particularly, given the redevelopment challenges and opportunities identified above.

The current Strategic Plan identified five key focus areas:

Lease – The objective here is to continue negotiations to protect our interests prior, during and after the planned precinct development.

Clubhouse & Services – The redevelopment will see a whole new “landmark” facility for our Members and others. In the meantime, we will continue to work with Council to ensure a smooth transition.

Membership - Continue Golf and Social Membership growth; foster junior development; review of Membership categories and increase Members' patronage of the Club. The Board is currently engaged in discussions with Council to establish better goal alignment for each of the stakeholders in this regard.

Golf – In partnership with Membership growth and the goal re-alignment the Board will continue to pursue co-opportunities with Council and the Pro-Shop to develop golfing products to match demographics and social changes.

Branding - Continue the work to date consistent with the new Club name and Brand Logo to enhance community awareness and Membership relations.

This current plan is still valid and has assisted your Board to remain focussed on the important drivers of a successful club. An update or new plan will coincide with future change associated with the Club precinct redevelopment mentioned above and will be developed using these guiding principles to best reflect any new arrangements once further and more specific details are known. It is likely that a decision on the update timing may be deferred until at least next year.

Key Issues for the Year

- **Golf**

Mixed Golf Competition

Following the decision to provide more flexibility to Members we now have mixed play opportunities in a variety of competitive events on most Saturdays, Sundays, Tuesdays, Wednesdays and Thursdays apart from some Major Competition Events.

Junior Development

Kasey's success with the Golf NSW "Get into Golf for Seniors" initiative continues to attract potential new Members and the Board is grateful to Joan Weine who kindly offered to coordinate with Kasey in managing this opportunity.

- **Membership & Fees**

Membership remains steady and continues to be an area of key focus for the Board and the future redevelopment combined with our marketing activities in general should provide good opportunities to grow our Memberships in all categories.

The golfing fees for 2018-19 were increased only slightly to ensure that playing at LCGC is always affordable. The Board remains committed to ensuring value for money golf for our Membership and we are continuing discussions with LCC and benchmarking comparable Membership arrangements to achieve this.

These arrangements are directly linked to the course and clubhouse access as detailed below and we are actively seeking ways to improve on the current arrangements.

- **Lease & BBT Arrangements**

Due to the re-development process, Council considers that the renewal of the current or modified lease would not be suitable.

As previously advised, and to ensure that the interests of our Members are preserved, the Board has accepted independent legal advice that two separate agreements should apply to cover:

1. Club Premises – Access and facilities
2. Course Usage - Block Booking Agreement

To progress this, Council has invited input from the club to define our requirements under a new and enforceable agreement to cover both Items 1 & 2 which presents an opportunity to provide a potentially more attractive Membership package.

- **Finance**

I refer Members to our Treasurer's Report for 2018 and thank Stuart, Kent, Graham Webster and our Auditors for the work done in compiling the Financial Reports for the year.

- **Club House Precinct Redevelopment**

As mentioned above in the Introduction I can now report that Council has commenced a 7-stage procurement process associated with the proposed clubhouse redevelopment. Barry Watkin and I, along with Graham Webster who kindly offered to step in to assist while Barry recovered from his recent illness, have been actively involved in advocating on behalf of the Club and I am pleased to say that we have achieved our major goals which have all been incorporated into the Expression of Interest (EOI) documents. The EOI process closed on Friday 14 September and details were provided in the September edition of "Links".

In the next stage Council will invite preferred parties who will then present their proposals for the built form, facilities, operational and financial arrangements. The following 5 stages involving administrative and development processes are expected to take up to 2 years to complete before construction work can start.

- **Course Improvements and Maintenance**

Following the completion of the new 4th Bridge, the rubberised synthetic path has now been completed to provide safe access to and from the bridge which is a welcome improvement as is the introduction of motorised cart access to the course.

Council have now engaged "Green Options" to replace Bob Batho and they will now be maintaining the course and have been recently re-engaged at Randwick Golf Course.

The addition of synthetic tees to the practice area and 9th hole are most welcome and we hope to see further improvements of this type as their work progresses.

- **Catering**

"My Little Secret" - The provision of Friday Night and Special Event catering has continued this year and these arrangements are reported to be working well. Lyn is available for Function Catering to meet a variety of needs.

In addition, a panel of 4 external caterers are available for Functions and Special Events as does the option to make your own arrangements.

"Tee for Two" - To complement the above arrangements Dave Martin has made a great success of the enhanced facility and his extended opening hours providing casual food options Thursday through to Sunday including one of the best and well-priced "Traditional English" breakfasts in our area.

I would invite all our Membership to take full advantage and support these providers with our patronage.

- **Friday Night Entertainment**

The Friday Night Live Music formerly "Jazz Night" continues to attract a regular crowd on Friday Nights with a focus on introducing a wider variety of artists to cater for a broad range of musical interests. Combined with our catering and friendly atmosphere it is a great value night out with friends.

- **Special Events**

The Board decided not to conduct a Charity Pro-Am this year due to date conflicts, but as usual, lots of fun was had on our other special days, including the Ladies Mixed Charity Days. And we can all look forward to the upcoming Legacy Day, Melbourne Cup, and the annual Club Christmas Party coming on Friday 14th December.

- **Branding, Signage & Social Media**

The new LCGC Logo, branding and website program has now been completed after much concerted effort by our marketing team with very valuable and generous assistance provided to the Club by Golf NSW.

The new website provides a user-friendly portal for booking competition games, reviewing results, getting course status and social event information along with details of our Membership, function and catering arrangements.

The Club also remains a Gold Sponsor of *In The Cove* <https://inthecove.com.au/> a local community website run by Jackie Barker which allows us to distribute our news and publicity to some 7,000 residents via the ITC Facebook page, website and newsletters.

I invite all Members to sign up to these sites to stay informed of the important developments at our Club and the local community in general.

Outlook for 2018-19

The key focus areas identified above will continue to apply for the New Year. 2018-19 will be very interesting and we may well see the beginning of a new era for our Club.

The eventual outcome of the proposed change is largely out of our hands and is much dependent on a variety of external influences and outside agencies. However, with the Board's strong commitment, support from Council and the community we can remain confident that the Club will continue to provide a great golf and social offering to our Membership.

This of course will be up to all of us as Members, and it will be vitally important to continue and expand our golfing and social activities despite any disruption or inconvenience encountered when the redevelopment work actually commences.

The Club has successfully navigated other similar challenges over its 50+ year history and I therefore encourage you to continue and if possible increase your support for the Club by encouraging others to join as Golfing or Social Members. This will grow our Membership base, maximise the use of the club facilities and provide a thriving and fun community at our golf and associated social functions.

This active engagement of all Members will secure a bright future for the Club and preserve our marvellous sporting community for future generations.

ALAN MOSS

President

20 September 2018

TREASURER'S REPORT

You will be aware we sold the Poker Machine licences towards the end of the last financial year. Sale price was \$139,333. The cost of sale (commission etc) was \$5,819 which is included under the heading Expenses in the attached Statement of Profit and Loss (P & L). Therefore we netted \$133,514.

Other Revenue received for the 2018 year:	\$492,412 (2017 - \$465,385)
Trading Expenses for the 2018 year:	\$509,555 (2017 - \$490,285)
Net Loss 2018: (excluding Depreciation & Amortisation)	\$ 17,143 (2017 - \$ 24,900)
Property Plant and Equipment more realistically now stand at:	\$ 14,985.

Total Comprehensive Profit, \$113,946, includes the one-off sale of the Poker Machine Licences which, after selling costs, netted \$133,514.

Poker machines to aside our Trading and Golf Activities resulted in a net loss of **\$17,143** before depreciation and after allowing for depreciation (\$2,425) was a net loss of: **\$19,568** (compared to 2017 - net loss of \$46,892).

EXPENSES:

Occupancy Expenses 2018 were \$51,095 compared to 2017 - \$99,877 and 2016 - \$107,099.

Other Expenses from Ordinary Activities 2018 were \$175,828 compared to \$89,200 in 2017.

These variations compared to prior years are mainly due to the re-categorisation of some items of expense taking them from Occupancy Expenses into Other Expenses from Ordinary Activities.

Total Expenses 2018 were \$509,555 compared to 2017- \$490,285 – an increase of \$19,270.

REVENUE:

Total Revenue 2018 was \$492,412 compared to 2017 - \$465,385 - an increase of \$27,027.

To a good extent the reason we incur losses is due to the operational expenses associated with running the Clubhouse. The revenue from this operation is less than the expenses incurred to provide Members and the public with this community service. Part of this derives from the fact that we are required to, and have always, made the Clubhouse available for hire at minimal rates for community activities. Primarily however member patronisation after golf is commonly limited to a short stay and whilst public attendances are steady, we are not overrun.

Our bar sales pricing for both members and non-members is maintained at a competitive level.

We constantly review our competition's pricing.

Discussion has been, and continues to be had, with Lane Cove Council seeking their support in terms of promotion of the Course and the Clubhouse.

The significant contribution made by members in the conduct and administration of both the golfing and social activities and work undertaken by members to repair, maintain and improve the clubhouse is much appreciated.

STUART McDONALD
Hon. Treasurer
19 October 2018

LANE COVE COUNTRY CLUB LTD
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DIRECTORS' REPORT

Your Directors present their report on the Financial Statements of the Company for the year ended 30 June 2018.

NAME OF DIRECTORS

The Directors who have held office during the financial year and up to the date of the report are:

DUNN, Maureen	MEADE, Michael – to 12.07.17
SEALE, Robyn	MOSS, Alan
MCDONALD, Stuart	ERASMUS, John
WATKIN, Barry	WEINE, Joan – from 14.08.17

PRINCIPAL ACTIVITIES

The principal continuing activity of the Company consisted of the conduct and promotion of golfing activities for the Members of the Lane Cove Country Club Ltd and the provision of entertainment and social activities on licensed premises.

MEMBERS

The number of Members of the Lane Cove Country Club Ltd registered in the Register of Members for the year was:

	2017/2018	2016/2017
Life Members & Honorary Members	4	3
Prepaid Member – Non-Active	2	2
Playing Members (Men)	100	94
Playing Members (Women)	40	45
Junior Members	4	9
Social Members	368	330
	<hr/>	<hr/>
	518	483

SIGNIFICANT CHANGES

During the year, there was no significant change in the nature of the principal activities of the Company, other than the disposal of poker machines and the poker machine licences.

OPERATING RESULTS

The Net Profit/(Loss) from Trading for the year (after no Provision for Income Tax) amounted to a Profit \$113,946 (2017 loss \$46,892) after netting \$133,514 on the sale of Poker Machine Licences, and after charging Depreciation \$2,425 (2017 \$15,864) and amortisation of \$NIL (2017 \$6,128).

DIVIDENDS

The Company is a Non-Profit Organisation and is prevented by its Constitution from paying a Dividend.

REVIEW OF OPERATIONS

Movements in significant items are as follows:-

	2018	2017	Increase/(Decrease)
Poker Machine Revenue	3,423	10,527	(7,104)
Bar Sales Net Profit	46,543	51,769	(5,226)
Membership Subscriptions	114,498	112,100	2,398
Occupancy Expenses	51,095	99,877	(48,782)
Employment Expenses	167,354	170,499	(3,145)

LANE COVE COUNTRY CLUB LTD

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DIRECTORS' REPORT

(Continued)

OBJECTIVES

SHORT TERM

To provide a social club for members and guests with the usual facilities of a club, to promote the game of golf to golfing members, to provide a centre for holding functions and to provide a meeting place for community groups.

LONG TERM

The long term objectives are to maintain and upgrade facilities to attract new golf and social members to enjoy the facilities of the club and to increase our involvement with community groups.

The Strategic Plan 2015-19 for achieving the long term objectives includes:

- Working constructively with Lane Cove Council to continue the Club's lease and aim for new membership categories appropriate to market demand;
- Continuing to improve the amenities and services offered to members in the Clubhouse;
- Growing our social and golfing membership base, including junior golfers;
- Adapting our golfing product and operations to meet emerging community requirements;
- Building and developing the Club to appeal to a wider audience whilst retaining the friendly atmosphere.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year there was one significant change which occurred in the state of the financial affairs of the Company, being the sale of the poker machine licenses.

ENVIRONMENTAL REGULATION

The Company's operations are subject to various environmental regulations under both Commonwealth and State legislation.

The Directors are not aware of any breaches of the legislation during the financial year, which are material in nature.

FUTURE DEVELOPMENTS

It is intended to make concerted efforts to promote and build the turnover of the club with increased usage by members and guests and the promotion of the club as a function centre.

In respect to the current position of the lease:

We are in receipt of correspondence from Lane Cove Council to which we have replied and have undertaken further discussions with their Manager recently, which lead to a meeting against the background we are currently in occupation of the clubhouse under the holding over provisions of our Lease and have received unqualified assurance from Council they shall do nothing to impede our continued use of the golf course. Notwithstanding Council's proposals to redevelop the clubhouse they are yet to formulate a plan in support thereof, let alone provide any indication of when they shall call for tenders, other than make it quite clear nothing shall be forthcoming within the current financial year and more likely within the next 2 years. That is our current position as at August 2018.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the entity, the results of those operations or the state of affairs of the economic entity in the 2018-2019 financial year.

MEETINGS OF DIRECTORS

Name	Position	Meetings Called	Meetings Attended
M Meade	Director until 12.07.17	1	1
M Dunn	Director	12	10
R Seale	Director/Hon. Secretary	12	12
A Moss	Director/President	12	10
S McDonald	Hon. Treasurer	12	10
J Erasmus	Director	12	10
B Watkin	Director	12	11
J Weine	Director from 14.08.17	11	10

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DIRECTORS' REPORT
(Continued)

INFORMATION ON DIRECTORS

Alan Moss	President and Director – joined Club in 2014. Elected to the Board in October 2015. Also a member of Men's Golf Committee. Managing Director EARTHTEC Pty Limited. BSC Hons. Civil Engineering, MBA Technology.
Robyn Seale	Director and Secretary – joined the Club in 2003. Elected to the Board October 2012. Served two years on the Women's Golf Committee and five years as Treasurer on that committee. Retired Executive Assistant.
Stuart McDonald	Director and Hon. Treasurer – joined the Club in 2015. Elected to the board in October 2016. Solicitor.
Maureen Dunn	Director – joined Club in 1987 – 3 years on Women's Golf Committee – 3 years as Secretary of Women's Golf Committee. – Secretary now retired. Elected to Board in November 2010.
John Erasmus	Director – joined the Club in 2014. Elected to the Board October 2016. IT Systems Administrator.
Barry Watkin	Director – former Club President and Board Member for 10 years. Men's Golf Captain 6 years. Vice-Captain 1 year. Re-elected to the Board in October 2016. Retired Mechanical Engineer.
Joan Weine	Director – joined Club in 2005 – Served 3 years as Vice President and 5 years as President on the Women's Golf Committee. Elected to the board August 2017. Retired Teacher.

DIRECTORS INTEREST AND BENEFITS

The Company does not have a Share Capital nor does it have any related corporations, hence no Director has an interest required to be declared by Section 307C.

DIRECTORS AND AUDITORS INDEMNIFICATION

The Company has not, during or since the financial year, in respect to any person who has been an Officer or Auditor of the Company:-

- * Indemnified or made any relevant agreement for indemnifying against a liability as an Officer or Auditor, including costs and expenses in successfully defending legal proceedings; or
- * Paid or agreed to pay a premium in respect of a contract ensuring against a liability incurred as an Officer or Auditor for the costs or expenses to defend proceedings;

Director's indemnity premiums have been provided for and paid by the Company during the year for Director's and Officer's Liability Insurance. The insurance is in respect of legal liability for damages and legal costs to a maximum of \$2,000,000 arising from claims made by reason of any omissions or acts (other than dishonesty) by them, whilst acting as Directors or Officers of the Company. No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

AUDITORS INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is included in this report.

Dated at Lane Cove this 31st August 2018 in accordance with a Resolution of the Directors.

Alan Moss – Director/President

Stuart McDonald – Director/Treasurer

LANE COVE COUNTRY CLUB LTD
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
		\$	\$
REVENUE	Note		
Revenue from sales of goods		283,776	263,995
Membership		114,498	112,100
Revenue from rendering of services		33,617	44,094
Other revenue		60,521	45,196
Total Revenue	2	492,412	465,385
 EXPENSES			
Cost of sales		(104,398)	(95,013)
Donations - Sydney Community Services		(4,000)	(3,500)
Directors' expenses		-	-
Employee benefit expenses		(167,354)	(170,499)
Entertainment, marketing and promotional expenses		(6,880)	(32,196)
Legal and consultancy fees		-	-
Occupancy expenses	n	(51,095)	(99,877)
Other expenses from ordinary activities		(175,828)	(89,200)
Total Expenses		(509,555)	(490,285)
 Profit (Loss) before borrowing costs, tax, depreciation and amortisation		(17,143)	(24,900)
Depreciation and loss on disposal of assets		(2,425)	(15,864)
Amortisation of Leasehold Improvements		-	(6,128)
Borrowing costs		-	-
		(2,425)	(21,992)
 Profit (Loss) before income tax		(19,568)	(46,892)
 Extraordinary Item (net of costs)	2(ii)	133,514	-
		113,946	(46,892)
Income tax expense		-	-
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE YEAR		113,946	(46,892)

The accompanying notes form part of these financial statements

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018 \$	2017 \$
CURRENT ASSETS			
Cash Assets	3	253,285	136,465
Receivables	4	3,025	1,237
Inventories	5	13,771	14,235
Other	6	4,428	-
Total Current Assets		<u>274,509</u>	<u>151,937</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	14,985	24,716
Total Non-Current Assets		<u>14,985</u>	<u>24,716</u>
TOTAL ASSETS		<u>289,494</u>	<u>176,653</u>
CURRENT LIABILITIES			
Payables	8	42,236	42,942
Other	9	77,910	79,746
Total Current Liabilities		<u>120,146</u>	<u>122,688</u>
NON-CURRENT LIABILITIES			
Provisions	10	1,437	-
Total Non-Current Liabilities		<u>1,437</u>	<u>-</u>
TOTAL LIABILITIES		<u>121,583</u>	<u>122,688</u>
NET ASSETS		<u>167,911</u>	<u>53,965</u>
EQUITY		<u>167,911</u>	<u>53,965</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Balance of Retained Earnings at 1 July 2017	53,965	100,857
Net Profit (Loss) from Operations	113,946	(46,892)
BALANCE OF RETAINED EARNINGS AT 30 JUNE 2018	<u>167,911</u>	<u>53,965</u>

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
Cash Flow from Operating Activities			
Receipts from Member and Guests		415,705	388,503
Sale of Poker Machine Licences		139,333	-
Payments to Suppliers and Employees		(604,470)	(515,911)
Interest		-	283
Membership Subscriptions		158,946	123,310
Net Cash provided by (used in) Operating Activities		109,514	(4,178)
Cash Flow from Investing Activities			
Write Down of Plant and Equipment		(7,306)	-
Net Cash provided by (used in) Investing Activities		(7,306)	-
Cash Flow from Financing Activities			
Proceeds (Repayment) of Borrowings		-	-
Net Cash provided by (used in) Financing Activities		-	-
Net Increase (Decrease) in cash held		116,820	(4,178)
Cash at 1 July 2017		136,465	140,643
Cash at 30 June 2018	3	253,285	136,465

Notes to the Statement of Cash Flows

Reconciliation of Cash

For the purposes of this statement of cash flows, cash includes:-

- (i) cash on hand and in 'at call' deposits with banks or financial institutions; and
- (ii) investments in money market instruments maturing within less than two months.

Cash at the end of the year is shown in the balance sheet as:

Cash at Bank	243,561	119,465
Cash on Hand	10,700	17,000
	254,261	136,465

Reconciliation of Cash Flows from Operations with Operating Profit after Income Tax

Operating Profit (Loss) after Income Tax (including GST)	113,946	(46,892)
Non Cash Flows in Operating Profit		
Amortisation	-	6,128
Depreciation	2,425	15,864
Changes in Assets and Liabilities		
Increase/(Decrease) in Payables	(706)	4,059
(Increase)/Decrease in Receivables	(1,788)	4,821
(Increase)/Decrease in Prepayments	(4,428)	5,624
(Increase)/Decrease in Inventories	464	3,031
(Increase)/Decrease in Provision for Long Service Leave	1,437	-
Increase/(Decrease) in Subscriptions in Advance/Green Fees	(5,766)	3,617
(Increase)/Decrease in Pre-paid functions	(2,800)	(430)
(Increase)/Decrease in member bar credits	6,730	-
Cash Flows from Operations	109,514	(4,178)

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Accounting Standards – Reduced Disclosure requirements and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. These financial statements do not comply with International Financial reporting Standards as issued by the International Accounting Standards Board.

ADOPTION OF NEW AUSTRALIAN ACCOUNTING STANDARDS

The Club has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2013:

- AASB 1053 application of *Tiers of Australian Accounting Standards* and AASB 2010 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

The early adoption of AASB 1053 enables the Club to be part of the Tier 2 reporting requirements for general purpose financial statements. The Tier 2 reporting framework comprises the recognition and measurement requirements of Tier 1 but substantially reduced disclosure requirements and has adopted the requirements of the standard effective for the financial year ended 30 June 2013.

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

a) Revenue Recognition
Sales Revenue

Sales Revenue comprises revenue earned from the provision of catering, beverage and poker machine facilities to members and other patrons of the Club. Sales revenue is recognised when the goods and services are provided.

Asset Sales

The gross proceeds of asset sales are included as revenue of the entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

Interest Income

Interest income is recognised as it accrues.

Members Subscriptions

Members' subscriptions are brought to account in the year to which the members' entitlements and benefits accrue. Subscriptions received as at 30 June for the following year are treated as in advance and are brought to account as income in the following year.

b) Principal Activities

The Company operates as a golf club to provide golfing activities for its members. For this purpose, it also conducts social activities in licensed premises.

c) Plant and Equipment

Plant and equipment are measured on a cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. All repairs and maintenance are charged to the income statement during the financial period in which they were incurred. Fixed assets are depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

d) Leases

The club did not have any finance leases in the year 2018 or 2017. Lease payments under 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.

LANE COVE COUNTRY CLUB LTD

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(A Company Limited by Guarantee)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2018**

(Continued)

- e) Depreciation of Plant and Equipment**
Depreciation is calculated on a diminishing value basis and prime cost basis to write off the net cost or revalued amount of each item of plant and equipment over its expected useful life. The exception is glassware, crockery and cutlery, which are expensed in the year of purchase. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.
- f) Trade and Other Payables**
These amounts represent unpaid liabilities for goods and services provided to the Club prior to the end of the financial year. The unsecured amounts are usually paid within 30 days of recognition.
- g) Maintenance and Repairs**
The costs of maintenance, repairs and minor renewals are charged as expenses as incurred.
- h) Employee Entitlements**
- (i) Wages and salaries, annual leave and sick leave
Liabilities for wages are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. No provision is made for annual or sick leave as the Club does not have any permanent employees.
 - (ii) Long Service Leave
The club has permanent casual employees and provisions have been made for its casual employees.
 - (iii) Superannuation
The Company contributes 9.5% of base salary to the fund nominated by the employee.
The Company has a legal obligation to contribute to a Fund.
- i) Leasehold Improvements**
The Club had a lease of land for 20 years from 1 April 1993 from Lane Cove Council. The Council extended the lease for a further three years, which has enabled the Club to amortise the remaining unamortised leasehold improvements on a straight line basis to 31st March 2016. Negotiations are in progress for a new lease.
- j) Segment Information**
The business operates in the sporting, leisure and entertainment industry in Australia.
- k) Income Tax**
The Income Tax Assessment Act (amended) provides that under the concept of mutuality, clubs are only assessed for income tax on that proportion of income derived from non-members and other external sources. The club is applying the exemption from tax under Section 50-45.
- l) Impairment of Assets**
At each reporting date the club reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less the costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Where it is not possible to estimate the recoverable amount of an individual asset, the club estimates the recoverable amount of the cash generating unit to which the asset belongs.
- m) Goods and Services Tax (G.S.T.)**
Revenue, expenses, assets and liabilities are recognised net of the amount of any G.S.T.
- n) Re-categorisation of Expenses**
The notable inconsistency between a number of Expense items this year compared to last year (including Occupancy Expenses) is due to the re-categorization of Expense items but as shown in the Statement of Profit and Loss, Total Expenses this year (which includes the cost of selling Poker Machine Licences) were \$509,555 compared to last year \$490,285.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
2. REVENUE		
(i) Operating Revenue		
Bar Sales	283,775	263,995
Members' Subscriptions	114,497	112,100
Poker Machine Revenue	3,423	10,527
Pro AM	18,627	19,285
OSR Rebate	-	1,043
Club Functions and Catering and Rent	4,237	5,244
Interest received	-	283
Raffle	-	1,293
Competition Levy	22,596	20,739
Hall hire	25,586	16,163
Net surplus/loss from committees	(541)	(3,903)
Band donations & Entry fees	14,990	10,867
Sundry Income	5,222	7,749
	<u>492,412</u>	<u>465,385</u>
(ii) Other Comprehensive Income		
Sale of Poker Machine Entitlements	139,333	-
Costs and commission on sale	5,819	-
	<u>133,514</u>	<u>-</u>
3. CASH		
Bank	242,585	119,465
Cash on Hand	10,700	17,000
	<u>253,285</u>	<u>136,465</u>
4. RECEIVABLES		
Sundry receivables	3,025	1,237
	<u>3,025</u>	<u>1,237</u>
5. INVENTORIES		
Inventories comprise of stock on hand as at 30 June 2018		
The stocktake of Finished Goods (at cost) was conducted by staff	13,771	14,235
	<u>13,771</u>	<u>14,235</u>
6. OTHER		
Prepayments	4,428	-
	<u>4,428</u>	<u>-</u>
7. PLANT, PROPERTY & EQUIPMENT		
Fixed Assets -		
Leasehold Improvements – at cost	395,975	395,975
Accumulated Amortisation	(395,975)	(395,975)
	<u>-</u>	<u>-</u>
Poker Machines – at cost	-	81,639
Accumulated Depreciation	-	(81,381)
	<u>-</u>	<u>258</u>
Plant and Equipment – at cost	47,699	301,998
Accumulated Depreciation	(32,714)	(277,540)
	<u>14,985</u>	<u>24,458</u>
Total Fixed Assets – at cost	443,674	779,612
Total Accumulated Amortisation and Depreciation	(428,689)	(754,896)
	<u>14,985</u>	<u>24,716</u>

LANE COVE COUNTRY CLUB LTD
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018
(Continued)

7 a. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Poker Machines	Plant & Equipment	Total
Balance at the beginning of the year	-	258	24,458	24,716
Additions	-	-	-	-
Disposal	-	-	(7,306)	(7,306)
Depreciation	-	(258)	(2,167)	(2,425)
Amortisation	-	-	-	-
	-	-	14,985	14,985

	2018	2017
	\$	\$
7b. PROPERTY PLANT AND EQUIPMENT (Continued)	400,674	779,612

Leasehold improvements of \$395,975 (at cost) consist of Core Assets as defined under the Registered Club Act.
 Plant & equipment of \$47,699 (at cost) consist of Non-Core Assets as defined under the registered Club Act.

8. CURRENT LIABILITIES
Payables

Creditors and Accruals	42,236	42,942
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9. CURRENT LIABILITIES

Prepaid function deposits	1,500	4,300
Members' bar credits	6,730	-
Pre-paid fees and subscriptions	69,680	75,446
	77,910	79,746

10. PROVISIONS

Provision for Long Service Leave	1,437	-
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11. MEMBERS' GUARANTEE

The Club is a company limited by guarantee. If the Club is wound up, the Constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations to the Club.

12. DIVIDENDS

Under the Club's Constitution, there is no provision for the payment of dividends.

13. CONTINGENT LIABILITIES

The directors are not aware of the existence of any contingent liabilities as at the date of this report.

14. COMMITMENTS FOR EXPENDITURE

There were no financial lease commitments for the financial year ended 30 June 2018.

15. RELATED PARTIES

Directors

The names of persons who were Directors of Lane Cove Country Club Ltd at any time during the financial year are as follows: M Dunn, M Meade, R Seale, A Moss, S McDonald, J Erasmus, B Watkin and J Weine.

No Director received any remuneration or retirement benefit for being a Director

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018
(Continued)

12. KEY MANAGEMENT PERSONNEL COMPENSATION

	2018	2017
Salary	162,772	157,970
Superannuation	10,582	10,220
Total Compensation	173,354	168,190

Key management personnel

Kent Lipman (Administration)
 Warwick Bowman (Bar Supervisor)

Administrative services are provided on a contract basis.
 Bar management services are provided on casual rates.

Remuneration and Retirement Benefits

No remuneration was paid to Directors for the financial year.

13. EVENTS OCCURRING AFTER THE REPORTING DATE

No significant events have occurred since 30 June 2018 which require disclosure in this report.

14. KEY PERFORMANCE INDICATORS

	2018	2017
	%	%
Bar		
Gross profit percentage excluding bar expenses	63.21	64.01
Bar employment expenses to sales percentage	45.13	45.24
Bar wages only to sales percentage	40.70	41.37
Net profit percentage	15.71	13.94
Poker machines		
Net clearances as a percentage of turnover	-	24.24
Employment costs		
Employment expenses as a percentage of total operating revenue	33.98	38.22
Earnings		
EBITDAD* as a percentage of net assets	71.50	(46.14)

* Earnings before interest, tax, depreciation, amortisation and donations.

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DIRECTORS' DECLARATION

The Directors of the company declare that –

1. The financial statements and notes are in accordance with the Corporations Act 2001, and:
 - (a) comply with Accounting Standards – reduced disclosure requirements and the Corporations Regulations 2001,
 - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the company.
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.

Dated at Lane Cove this 31st day of August 2018 in accordance with a Resolution of the Directors.

Alan Moss – Director/President

Stuart McDonald – Director/Treasurer

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there has been:

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

HARLEY RUSSELL & DAY

Chartered Accountants

Address: Suite 16, 2 Catherine Street, Rockdale NSW 2216

GARRY WILLIAM DAY

Partner

Dated 25th August 2018

LANE COVE COUNTRY CLUB LTD
A.B.N. 50 000 361 142
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LANE COVE COUNTRY CLUB LTD**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lane Cove Country Club Ltd (the Registered entity), which comprises the statement of financial position as at 30th June 2018, the statement of profit and 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 Lane Cove Country Club Ltd, has been prepared in accordance with the Corporations Law – Reduced Disclosure Requirements under the Corporations Law and the Registered Clubs Act, including:

- (a) Giving a true and fair view of the registered entity's financial position as at 30th June 2018, and of its financial performance for the year then ended; and
- (b) Complying with Australian Accounting Standards – Reduced Disclosure Requirements.

Emphasis of Matter

Each year the Company has incurred losses. If this trend continues in the future years the Company may not be able to continue as a going concern.

The current lease has expired, and the Company occupies the premises under a holding over provision of the lease. At present your directors are negotiating the terms of a new lease, which will be subject to approval by an extra ordinary meeting of members.

Basis of Opinion (Subject to the Forgoing)

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 registered entity 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 registered entity's annual report for the year ended 30th June 2018, 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.

Responsibilities of the Directors for the Financial Report

The directors of the registered entity 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 under the Corporations Law and Registered Clubs Act, 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.

LANE COVE COUNTRY CLUB LTD
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LANE COVE COUNTRY CLUB LTD (CONT.)**

Responsibilities of the Directors for the Financial Report (Cont.)

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 registered entity'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 registered entity'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 registered entity 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.

**DATED AT SYDNEY
THIS 15TH DAY OF
SEPTEMBER 2018**

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HARLEY, RUSSELL & DAY
Chartered Accountants

GARRY WILLIAM DAY
Registered entity Auditor