

GRACE PARK HAWTHORN CLUB INC.
COMMITTEE OF MANAGEMENT REPORT

Your Committee of Management submit the financial report of Grace Park Hawthorn Club Inc. for the financial year ended 31 July 2017.

COMMITTEE OF MANAGEMENT

The names of the Committee Members throughout the year and at the date of this report are:

Mr David Barrie (President)	Mr Antony Hampson (Vice President-Appointed December 2016)
Mr Roland Thomas (Treasurer)	Mr Tim O'Loughlin (Secretary)
Mr Austen Diggle	Mr Michael Gillett
Mr Chris Chetwin	Mr Colin Davis (Resigned December 2016)
Mr Terrence Stone (Resigned December 2016)	

PRINCIPAL ACTIVITIES

The principal activities of the association during the financial year were:

- to provide a sporting facility that caters for tennis, squash and snooker players of all standards and abilities with a special emphasis on competition play.

SIGNIFICANT CHANGES

The merger with Club Hawthorn Inc. has been completed. The building works to develop and expand the existing Grace Park Hawthorn Club Inc.'s facilities is nearing completion.

Significant monies have been received from Club Hawthorn Inc. for the property redevelopment.

No other significant change in the nature of these activities occurred during the year.

OPERATING RESULT

	2017 \$	2016 \$
Net Result for the Period	3,729,692	397,941

Signed in accordance with a resolution of the Committee of Management


.....
COMMITTEE MEMBER


.....
COMMITTEE MEMBER

Dated this 14 day of November 2017

Independent Audit Report to the Members of

GRACE PARK HAWTHORN CLUB INC.

Opinion

We have audited the accompanying financial report, being a general purpose financial report, of the Grace Park Hawthorn Club Inc., which comprises the statement of financial position as at 31 July 2017, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes comprising a summary of the 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 of the Association.

In our opinion, except for the qualification below, the financial report of the Grace Park Hawthorn Club Inc. is in accordance with the *Associations Incorporation Reform Act 2012 (Vic)* including:

- i. Giving a true and fair view of the Association's financial position as at 31 July 2017 and of its performance for the year ended on that date; and
- ii. That the financial records kept by the Association are such as to enable the financial statements to be prepared in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibility under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional 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 basis for the opinion.

Material Uncertainty Related to Going Concern

We draw attention to the financial report, which indicates that the Association achieved a net result of \$3,729,692 during the year ended 31 July 2017. The Association has a working capital deficit of \$53,194 at 31 July 2017. These events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on Grace Park Hawthorn Club Inc.'s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

The Committee is responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 31 July 2017, 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 the fact. We have nothing to report in this regard.

Responsibilities of the Committee for the Financial Report

The Committee of the Association are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Associations Incorporation Reform Act 2012 (Vic)*, and for such internal control as the Committee determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee is responsible for assessing 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 the Committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

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

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ACCOUNTING & AUDIT SOLUTIONS BENDIGO

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by the Committee.
- Conclude on the appropriateness of the Committees' 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 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 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 or continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report presents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Committee 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.

ACCOUNTING AND AUDIT SOLUTIONS BENDIGO



Catherine Gaskell

Dated this 15th day of November 2017

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GRACE PARK HAWTHORN CLUB INC.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2017

	Note	2017 \$	2016 \$
Revenue from Operating Activities	(2)	151,998	167,479
Revenue from Non-Operating Activities	(2)	67,513	13,191
Bar, Food & Tennis Cost of Sales		(7,216)	(19,637)
Employee Benefits Expenses	(3)	(123,175)	(77,622)
Operational Expenses	(5)	(217,713)	(171,194)
Net Result Before Capital & Specific Items		(128,593)	(87,783)
Depreciation	(4)	(15,621)	(301,768)
Contributions from Club Hawthorn Inc. - Net Assets Taken Over		3,873,906	787,492
Net Result For the Year		3,729,692	397,941

The accompanying notes form part of these financial statements

GRACE PARK HAWTHORN CLUB INC.
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents	(6)	373,292	43,519
Inventories		-	3,884
Trade & Other Receivables		9,569	18,557
		<u>382,861</u>	<u>65,960</u>
TOTAL CURRENT ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	(7)	5,102,186	880,992
		<u>5,102,186</u>	<u>880,992</u>
TOTAL NON-CURRENT ASSETS			
TOTAL ASSETS			
		<u>5,485,047</u>	<u>946,952</u>
CURRENT LIABILITIES			
Trade & Other Payables	(8)	16,585	4,454
Provisions	(9)	20,213	11,448
Interest Bearing Liabilities	(10)	359,132	-
		<u>395,930</u>	<u>15,902</u>
TOTAL CURRENT LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	(9)	10,187	7,680
Interest Bearing Liabilities	(10)	425,868	-
		<u>436,055</u>	<u>7,680</u>
TOTAL NON-CURRENT LIABILITIES			
TOTAL LIABILITIES			
		<u>831,985</u>	<u>23,582</u>
NET ASSETS			
		<u>4,653,062</u>	<u>923,370</u>
EQUITY			
Retained Earnings		4,653,062	923,370
		<u>4,653,062</u>	<u>923,370</u>
TOTAL EQUITY			
		<u>4,653,062</u>	<u>923,370</u>
Commitments for Expenditure			
Contingent Liabilities and Contingent Assets	(11) (12)		

The accompanying notes form part of these financial statements

GRACE PARK HAWTHORN CLUB INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2017

	Retained Earnings \$	TOTAL \$
2016		
Balance at beginning of year	525,429	525,429
Net Surplus for the year	397,941	397,941
Balance at end of year	923,370	923,370

	Retained Earnings \$	TOTAL \$
2017		
Balance at beginning of year	923,370	923,370
Net Surplus for the year	3,729,692	3,729,692
Balance at end of year	4,653,062	4,653,062

GRACE PARK HAWTHORN CLUB INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2017

	Note	2017 \$	2016 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Customers		241,159	184,161
Interest Received		23	9
Payments to Suppliers		(556,779)	(248,582)
Payments for Employees		(111,903)	(80,515)
GST Received From/(Paid to) ATO		<u>335,182</u>	<u>24,778</u>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	(15)	<u>(92,318)</u>	<u>(120,149)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Contributions Received from Club Hawthorn Inc		3,873,906	794,373
Payment for Property, Plant & Equipment		<u>(4,236,815)</u>	<u>(655,651)</u>
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		<u>(362,909)</u>	<u>138,722</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(Repayment of Borrowings)		<u>785,000</u>	<u>-</u>
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		<u>785,000</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH HELD		329,773	18,573
Cash and Cash Equivalents at Beginning of Period		<u>43,519</u>	<u>24,946</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(15)	<u><u>373,292</u></u>	<u><u>43,519</u></u>

The accompanying notes form part of these financial statements

GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Grace Park Hawthorn Club Inc. as an individual entity. Grace Park Hawthorn Club Inc. is an association incorporated in Victoria and operating pursuant to the *Associations Incorporation Reform Act 2012*.

Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), and the *Associations Incorporation Reform Act 2012*. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual 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.

(a) Going Concern

As at 31 July 2017, The Club had Equity, represented by Retained Earnings & Reserves of \$4,653,062 (\$923,370 in 2016). The Club has a working capital deficit of \$53,194 (Surplus of \$58,280 in 2016). The Club recorded a Net Loss before Capital & Specific Items, for the year, of \$128,593 compared to a Net Loss before Capital & Specific Items of \$87,783 in 2016. A Net Result of \$3,729,692 was achieved for the year (Net Result of \$397,941 in 2016) as well as a Negative Net Cash Flow from Operating Activities (negative in 2016) and a positive overall cash movement in 2017 (positive for 2016).

The Club is currently relying on increased usage of the Club's tennis and squash facilities to ensure future financial viability. Accordingly, the continuing viability of the Club and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Club being successful in:

- continuing to achieve sufficient future cash flows from its operations; and
- obtaining additional funding, capital raising or donations.

The Committee believes that the Club will be successful in achieving the above objectives and accordingly have prepared the financial report on a going concern basis.

At this time, the Committee are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report as at 31 July 2017. Accordingly, no adjustments have been made to the financial report relating to the recoverability and the classification of the asset carrying amounts or the amounts and classifications of liabilities that might be necessary should the Club not continue as a going concern.

(b) Reporting Entity Report

The report includes all the controlled activities of Grace Park Hawthorn Club Inc.

(c) Rounding Of Amounts

All amounts shown in the financial statements are expressed to the nearest \$1.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

For the Statement of Cash Flows presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings in the Statement of Financial Position.

(e) Receivables

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

Receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any provision for impairment.

GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

Inventories include goods and other property held either for sale or distribution at no or nominal cost in the ordinary course of business operations. It includes land held for sale and excludes depreciable assets.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

Bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Cost for all other inventory is measured on the basis of weighted average cost.

Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'At fair value through profit or loss', in which case transaction costs are expensed to profit or loss.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between the initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest* method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of income or expense in profit or loss.

Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits, term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Available-for-sale financial assets

Available-for-sale financial assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net result for the period.

(h) Property, Plant and Equipment

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

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

The cost of fixed assets constructed by the Association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, Plant and Equipment (Continued)

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

(i) Fair Value of Assets and Liabilities

The Association measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Association would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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

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

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

The fair value of liabilities and the Association's own equity instruments (excluding those related to share-based payments) arrangements may be valued, where there is no observable market price in relation to the transfer of an identical or similar financial instrument, by reference to observable market information where identical or similar instruments are held as assets. Where the information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(j) Depreciation

The depreciable amount of all fixed assets, including buildings, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The following table indicates the depreciation rates of non current assets on which the depreciation charges are based.

Class of Fixed Asset	Rate
Buildings	2.50%
Tennis Courts & Fences	10.00%
Plant & Equipment	10.00%
Low Value Pool	37.50%

(k) Impairment of Assets

At the end of each reporting period, the Association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost of disposal and value-in-use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is immediately recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Association would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

**GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Comparative Figures

Where necessary comparative figures have been reclassified to facilitate comparisons.

(m) Payables

Payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Goods & Services Tax

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

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

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

(o) Employee Benefits

Short-term employee benefits

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

The Association's obligations for short-term employee benefits such as wages and salaries are recognised as a part of the current trade and other payables in the Statement of Financial Position.

Other long-term employee benefits

Provision is made for employees' annual leave entitlements not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments are measured at present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to end-of-reporting-period market yields or Government bonds that have maturity dates approximating the terms of the obligations.

Any remeasurements of other long-term employee benefit obligations due to changes in assumptions are recognised in profit or loss in the periods in which the exchanges occur.

On-Costs

Employee benefit on-costs, such as superannuation and workers compensation are recognised together with the provisions for employee benefits.

Superannuation

Contributions to contribution superannuation plans are expensed when incurred.

(p) Leases

Leases of fixed assets 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 a liability at the lower of the amount 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.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Association will obtain ownership of the asset or ownership over the term of the lease.

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

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

GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Borrowings

All borrowings are initially recognised at fair value on the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on, whether the Association has categorised its borrowings as either, financial liabilities designated at fair value through profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value being recognised in net result over the period of the interest bearing liability using the effective interest rate method.

(r) Income Recognition

Revenue is recognised in accordance with AASB 118 *Revenue*. Income is recognised as revenue to the extent it is earned. Unearned income at reporting date is reported as income in advance. Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Memberships

Membership income is recognised when the cash is received.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

Other Income

Other income is recognised as revenue when the cash is received.

(s) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Association. The Association has decided not to early adopt any of the new and amended pronouncements. The Association's assessment of the new and amended pronouncements that are relevant to the Association but applicable in future reporting periods is set out below:

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on the Association's Annual Statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening retained earnings if there are no former performance obligations outstanding.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) New Accounting Standards for Application in Future Periods (Continued)

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on the Association's Annual Statements
AASB 16 <i>Leases</i>	The key changes of AASB 16 requires an entity to recognise a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets), depreciation of right-of-use assets in line with AASB 116 <i>Property, Plant and Equipment</i> in profit and loss and unwinding of the liability in principal and interest components and inclusion of additional disclosure requirements.	1 January 2019	<p>When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 16 <i>Leases</i> and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.</p> <p>While the adoption of AASB 16 will impact on the Association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.</p>

GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

	Note	2017 \$	2016 \$
2. REVENUE			
Revenue from Operating Activities			
Bar Sales		2,365	26,701
Function Sales		-	6,046
Hire of Facilities		-	1,550
Licence Fees		-	6,545
Membership Subscriptions		131,087	100,260
Merchandise Sales		-	1,362
Tennis & Squash		18,018	23,391
Tournament Fees		459	-
Visitor Fees		69	1,624
		<u>151,998</u>	<u>167,479</u>
Subtotal Revenue from Operating Activities			
Revenue from Non-Operating Activities			
Fundraising		260	5,176
Specific Purpose Income - Tennis Australia		63,380	-
Sponsorships		2,502	5,000
Other Income		1,348	3,006
Interest Income		23	9
		<u>67,513</u>	<u>13,191</u>
Subtotal Revenue from Non-Operating Activities			
TOTAL REVENUE FROM ORDINARY ACTIVITIES			
		<u><u>219,511</u></u>	<u><u>180,670</u></u>
3. EMPLOYEE EXPENSES			
Salaries & Wages		112,779	69,913
Superannuation		9,539	6,847
Workcover		857	862
		<u>123,175</u>	<u>77,622</u>
TOTAL EMPLOYEE EXPENSES			
4. DEPRECIATION			
Buildings		-	293,629
Courts & Fences		8,034	1,301
Plant & Equipment		6,327	4,822
Low Value Pool		1,260	2,016
		<u>15,621</u>	<u>301,768</u>
TOTAL DEPRECIATION			

GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

	Note	2017 \$	2016 \$
5. OPERATIONAL EXPENSES			
Affiliation & Team Expenses			
Advertising		2,018	-
Affiliation Fees		8,048	1,423
Penant Fees		78,200	59,463
Tournament Expenses		540	311
Insurance		1,331	3,616
State Grade Payments		12,800	5,909
Clothing		-	4,100
Court Hire		3,545	3,682
Other Expenses		124	435
		106,606	78,939
Operational Expenses			
Accounting & Audit Fees		6,258	5,975
Bank Charges		5,007	2,535
Contract Cleaning		8,211	7,153
General Expenses		17,719	3,693
Electricity		8,245	8,092
Gas		748	4,902
Kitchen Expenses		-	33
Insurance		8,818	3,855
Maintenance - Courts		14,453	14,493
Maintenance - Grounds		858	4,862
Postage, Printing & Stationery		4,938	2,746
Pest Control		155	309
Property Rates & Charges		8,289	9,950
Repairs & Maintenance		13,680	4,990
Recycling		294	631
Telephone & Internet		6,426	3,322
Water Rates		7,008	14,714
		111,107	92,255
TOTAL OPERATIONAL EXPENSES		217,713	171,194
6. CASH & CASH EQUIVALENTS			
Cash at Bank		373,292	43,519
TOTAL CASH & CASH EQUIVALENTS		373,292	43,519

GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

	Note	2017 \$	2016 \$
7. PROPERTY, PLANT AND EQUIPMENT			
Freehold Land - at Cost		155,571	155,571
Total Land		155,571	155,571
Buildings Renovations at Cost		-	-
less Accumulated Depreciation		-	-
		-	-
Works In Progress - Buildings		4,815,264	578,449
Total Buildings		4,815,264	578,449
Tennis Courts & Fences at Cost		120,517	120,517
less Accumulated Depreciation		(48,207)	(40,173)
		72,310	80,344
Plant & Equipment at Cost		174,579	174,579
less Accumulated Depreciation		(117,640)	(111,313)
		56,939	63,266
Low Value Pool at Cost		8,605	8,605
less Accumulated Depreciation		(6,503)	(5,243)
		2,102	3,362
TOTAL PROPERTY, PLANT AND EQUIPMENT		5,102,186	880,992

GRACE PARK LAWN TENNIS CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

RECONCILIATION OF CARRYING VALUES OF ALL ASSET CLASSES

Movement in the carrying amounts for each class of Property, Plant and Equipment between the beginning and the end of the current financial year.

	Freehold Land \$	Buildings \$	Tennis Courts & Fences \$	Plant & Equipment \$	Low Value Pool \$	Total \$
Balance at 1 August 2015	155,571	293,629	13,013	48,223	5,378	515,814
Additions	-	578,449	68,632	8,570	-	655,651
Transfers In	-	-	-	11,295	-	11,295
Disposals	-	(293,629)	-	-	-	(293,629)
Depreciation Expense	-	-	(1,301)	(4,822)	(2,016)	(8,139)
Balance at 31 July 2016	155,571	578,449	80,344	63,266	3,362	880,992
Additions	-	4,236,815	-	-	-	4,236,815
Transfers In	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Depreciation Expense	-	-	(8,034)	(6,327)	(1,260)	(15,621)
Balance at 31 July 2017	155,571	4,815,264	72,310	56,939	2,102	5,102,186

GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

	Note	2017 \$	2016 \$
8. TRADE & OTHER PAYABLES			
Trade Payables		11,345	1,012
Amounts Payable to ATO		2,163	1,347
Sundry Payables & Accruals		3,077	2,095
TOTAL TRADE & OTHER PAYABLES		16,585	4,454
9. PROVISIONS			
Current			
Employee Benefits (refer note 9a)		20,213	11,448
Non Current			
Employee Benefits (refer note 9a)		10,187	7,680
TOTAL PROVISIONS		30,400	19,128
9a. EMPLOYEE BENEFITS			
Current			
Annual Leave at nominal value		16,998	8,394
Long Service Leave at present value		3,215	3,054
		20,213	11,448
Non Current			
Long Service Leave at present value		10,187	7,680
TOTAL EMPLOYEE BENEFITS		30,400	19,128
10. INTEREST BEARING LIABILITIES			
Current			
Loan - Terry & Sandra Stone		330,000	-
Loan - Tennis Australia		9,276	-
CBA Business Loan		19,856	-
		359,132	-
Non Current			
Loan - Terry & Sandra Stone		-	-
Loan - Tennis Australia		70,724	-
CBA Business Loan		355,144	-
		425,868	-
TOTAL INTEREST BEARING LIABILITIES		785,000	-

The loan to Terry and Sandra Stone is due to be repaid, plus accrued interest, upon receipt of the following:

- \$130,000 deposit paid under the Contract for the Sale of Land for 6 Hilda Crescent; and
 - \$200,000 payable to the Club under the Section 173 agreement with the City of Boroondara (refer Note 11).
- Interest is payable at 2.4% from the date of the loan (10 April 2017).*

The CBA Business Loan is secured by property at 6 Hilda Crescent, by Registered First Mortgage with Commonwealth Bank Australia.

**GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

11. COMMITMENTS FOR EXPENDITURE

In 2015/16, The Association entered into a contract with Johns Lyng Commercial Builders Pty Ltd for the Redevelopment of the club facilities. The cost of the works is \$3,672,888 including GST. The works are expected to be finished in 2017/18. In recognition of the community benefit outcomes of the redevelopment of the club facilities, the Boroondara City Council has agreed to make a once-off contribution of \$200,000 excluding GST to the redevelopment. This contribution is to be paid as soon as practicable following completion of the redevelopment.

At the date of this report, the Club had not entered into any other agreement for capital expenditure.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Committee of Management was not aware on any contingent assets as at 31 July 2017.

The Committee of Management was not aware on any contingent liabilities as at 31 July 2017.

13. EVENTS AFTER THE BALANCE SHEET DATE

Since 31 July 2017, there have been no events that would materially effect the Financial Statements at balance date.

14. RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the year.

15. CASH FLOW INFORMATION

For the purpose of the Statement of Cash Flows, cash includes cash on hand and cash in banks. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2017 \$	2016 \$
Cash & Cash Equivalents - Operational Funds	(6)	373,292	43,519
TOTAL CASH		373,292	43,519

Reconciliation of Cash Flow from Operations with Profit from Operations

Profit from Operations	3,729,692	397,941
Cash flows excluded from profit attributable to operating activities		
- Contributions From Club Hawthorn Inc.	(3,873,906)	(787,492)
- Depreciation	15,621	301,768
- (Increase)/Decrease in Inventories	3,884	4,125
- (Increase)/Decrease in Trade & Other Receivables	8,988	(17,296)
- Increase/(Decrease) in Trade & Other Payables	12,131	(16,302)
- Increase/(Decrease) in Employee Benefits	11,272	(2,893)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(92,318)	(120,149)

GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

16. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

Grace Park Hawthorn Club Inc.'s principal financial instruments comprise of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with *AASB 139* as detailed in the accounting policies to these financial statements, are as follows:

	Note	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets			
Cash & Cash Equivalents	(6)	373,292	43,519
Trade & Other Receivables		1,304	-
Total Financial Assets		374,596	43,519
Financial Liabilities			
At amortised cost			
Trade & Other Payables	(8)	14,422	3,107
Interest Bearing Liabilities	(10)	785,000	-
Total Financial Liabilities		799,422	3,107

Financial Risk Management Policies

The Association's Committee is responsible for, among other issues, monitoring and managing financial risk exposures of the Association.

Specific Financial Risk Exposures and Management

The main risks the association is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to Grace Park Hawthorn Club Inc.

The Association does not have any material credit risk exposures.

Credit risk exposures

The maximum exposure to credit risk, by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality.

The entity has no significant concentration of credit risk exposure to any single counterparty or group of counterparties.

GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

16. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity Risk

Liquidity risk arises from the possibility that Grace Park Hawthorn Club Inc. might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Grace Park Hawthorn Club Inc. manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities; and
- only investing surplus cash with major financial institutions.

The table below discloses the contractual maturity analysis for Grace Park Hawthorn Club Inc.'s financial liabilities.

Financial liability and financial assets maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Liabilities due for payment								
Trade & Other Payables	14,422	3,107	-	-	-	-	14,422	3,107
Interest Bearing Liabilities	359,132	-	129,245	-	296,623	-	785,000	-
Total contractual outflows	373,554	3,107	129,245	-	296,623	-	799,422	3,107
Total expected outflows	373,554	3,107	129,245	-	296,623	-	799,422	3,107
Financial Assets - Cash flow realisable								
Cash & Cash Equivalents	373,292	43,519	-	-	-	-	373,292	43,519
Trade & Other Receivables	1,304	-	-	-	-	-	1,304	-
Total anticipated inflows	374,596	43,519	-	-	-	-	374,596	43,519
Net (outflow)/inflow on financial instruments	1,042	40,412	(129,245)	-	(296,623)	-	(424,826)	40,412

GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

16. FINANCIAL RISK MANAGEMENT (Continued)

(c) Market Risk

(i) Interest rate risk

The financial assets of Grace Park Hawthorn Club Inc. are not exposed to any significant interest rate risk since cash balances are maintained at various fixed interest rates.

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that are used.

The interest rate exposure on the debt portfolio is managed by appropriate budgeting strategies and by managing in accordance with target maturity profiles.

(ii) Price risk

Price risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Grace Park Hawthorn Club Inc. is exposed to insignificant foreign currency risk and other price risks.

Sensitivity analysis

The following table illustrates sensitivities to the Association's exposure to changes in interest rates. The table indicates the impact on how profit at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

- A parallel shift of + 1% and -2% in market interest rates (AUD).

		Interest Rate Risk			
		-2 %		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2017	\$	\$	\$	\$	\$
Financial Assets					
Cash and Cash Equivalents	373,292	(7,466)	(7,466)	3,733	3,733
Trade & Other Receivables	1,304	-	-	-	-
Financial Liabilities					
Trade & Other Payables	14,422	-	-	-	-
Interest Bearing Liabilities	785,000	15,700	15,700	(7,850)	(7,850)

No sensitivity analysis has been performed on foreign exchange risk as the Association is not exposed to foreign currency fluctuations.

GRACE PARK HAWTHORN CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

16. FINANCIAL RISK MANAGEMENT (Continued)

Net Fair Values

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Association. Most of these instruments which are carried at amortised cost (i.e. trade receivables, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Association.

Net Fair Value

	Net Carrying Amount 2017 \$	Net Fair Value 2017 \$	Net Carrying Amount 2016 \$	Net Fair Value 2016 \$
Financial Assets				
Cash & Cash Equivalents	373,292	373,292	43,519	43,519
Trade & Other Receivables	1,304	1,304	-	-
Total Financial Assets	374,596	374,596	43,519	43,519
Financial Liabilities				
Trade & Other Payables	14,422	14,422	3,107	3,107
Interest Bearing Liabilities	785,000	785,000	-	-
Total Financial Liabilities	799,422	799,422	3,107	3,107

GRACE PARK HAWTHORN CLUB INC.
ANNUAL STATEMENTS GIVE TRUE AND FAIR VIEW OF FINANCIAL POSITION
AND PERFORMANCE
FOR THE YEAR ENDED 31 JULY 2017


We, DAVID BARRIE, and ROLAND THOMAS

being members of Grace Park Hawthorn Club Inc. certify that:

The Statements attached to this certificate give a true and fair view of the financial position and performance

of Grace Park Hawthorn Club Inc. during and at the end of the financial year for the Association ending on

31 July 2017.


.....
CHAIRMAN -


.....

TREASURER -

Dated this 14th day of NOVEMBER 2017

I, _____, being a member of the Committee of Grace Park Hawthorn Club Inc.

a) I attended the annual general meeting of the Association held on

b) The annual financial statements for the year ended 31 July 2017 were submitted to the members of the

.....
BOARD MEMBER -

Dated this day of 2017.