

Manly Warringah Basketball Association Limited

ABN 18 003 482 835

Financial Statements

For the Year Ended 31 December 2013

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Manly Warringah Basketball Association Limited

ABN 18 003 482 835

31 December 2013

DIRECTORS' REPORT

Your directors present their report on the Association for the financial year ended 31 December 2013.

Directors

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

Owen Glendower Evans
Phillip James Smith
Jennifer Margaret Saggus
Ronald Russell Kendall
Brian Chapman
Jonathan Hart
Steven Ramage

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

Principal Activities

The principal activities of the Association during the financial year were the conduct and promotion of basketball. No significant change in the nature of these activities occurred during the year.

Information on Directors

Owen Glendower Evans	– Director (Chair)
	– Member since 2005
Phillip James Smith	– Director
	– Member since 2000
Jennifer Margaret Saggus	– Financial Director
	– Member since 2004
Ronald Russell Kendall	– Director
	– Member since 2005
Brian Chapman	– Director
	– Member since 2008
Jonathan Hart	– Director
	– Member since 2008
Steven Ramage	– Director
	– Member since 2011

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DIRECTORS' REPORT (continued)

Meetings of Directors

During the financial year, 5 meetings of directors were held. Attendances by each director were as follows:

	Director's Meetings	
	Number eligible to attend	Number attended
Philip James Smith	5	3
Jennifer Margaret Saggus	5	5
Owen Glendower Evans	5	5
Ronald Russell Kendall	5	3
Brian Chapman	5	2
Steven Ramage	5	4
Jonathan Hart	5	3

Association Secretary

The following person held the position of secretary at the end of the financial year.

Name: Ronald Russell Kendall

Operating Results

The profit of the Association after providing for income tax amounted to \$40,543 (2012: \$43,326).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out at page 4.

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

Director:

Jennifer Saggus

Director:

Owen Glendower Evans

Dated this 13 day of May 2014

Dated this 13 day of May 2014

The Board of Directors
Manly Warringah Basketball Association Limited
Northern Beaches Indoor Sports Centre
Jacksons Road Warriewood

Dear Board Members

MANLY WARRINGAH BASKETBALL ASSOCIATION LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Manly Warringah Basketball Association Limited.

As audit partner for the audit of the financial statements of Manly Warringah Basketball Association Limited for the financial period ended 31 December 2013, I declare that, to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor's independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



CROWE HORWATH SYDNEY



ASH PATHER

Partner

Dated this 13 day of May 2014

Manly Warringah Basketball Association Limited

ABN 18 003 482 835

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2013

	Note	2013	2012
		\$	\$
Revenue	2	1,123,544	1,063,440
Employee benefits expense		(180,986)	(129,671)
Depreciation and amortisation expense		(9,116)	(9,359)
Court and tournament expense		(502,994)	(490,496)
Canteen expense		(119,553)	(113,270)
Finance charges		(6,375)	(5,038)
BNSW registration		(110,306)	(112,727)
Other operating expenses		(153,671)	(159,553)
Profit before income tax	2	40,543	43,326
Income tax expense		-	-
Profit after income tax		40,543	43,326
Other comprehensive income		-	-
Total comprehensive income		40,543	43,326

The accompanying notes form part of these financial statements

Manly Warringah Basketball Association Limited

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STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	398,775	355,770
Trade and other receivables	4	5,358	5,035
Inventory	5	574	574
Other assets	6	50	50
TOTAL CURENT ASSETS		404,757	361,429
NON-CURRENT ASSETS			
Property, plant and equipment	7	13,433	17,461
Intangible assets	8	39,605	44,694
TOTAL NON-CURRENT ASSETS		53,038	62,155
TOTAL ASSETS		457,795	423,584
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	19,521	41,924
Provisions	10	6,373	-
TOTAL CURRENT LIABILITIES		25,894	41,924
NON-CURRENT LIABILITIES			
Provisions	10	9,698	-
TOTAL NON-CURRENT LIABILITIES		9,698	-
TOTAL LIABILITIES		35,592	41,924
NET ASSETS		422,203	381,660
EQUITY			
Retained earnings		422,203	381,660
TOTAL EQUITY		422,203	381,660

The accompanying notes form part of these financial statements

Manly Warringah Basketball Association Limited

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STATEMENT OF CHANGES IN EQUITY

As at 31 December 2013

	Retained Earnings	Total
	\$	\$
2013		
Balance at 1 January 2013	381,660	381,660
Profit attributable to the Association	40,543	40,543
Balance at 31 December 2013	<u>422,203</u>	<u>425,452</u>
2012		
Balance at 1 January 2012	338,334	338,334
Profit attributable to the Association	43,326	43,326
Balance at 31 December 2012	<u>381,660</u>	<u>381,660</u>

The accompanying notes form part of these financial statements

Manly Warringah Basketball Association Limited

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STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,229,002	1,145,968
Payments to suppliers and employees		(1,194,495)	(1,097,915)
Interest received		9,304	11,556
Finance charges		(806)	-
Net cash provided by operating activities	11	43,005	59,609
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(181)
Net cash used in investing activities		-	(181)
Net increase in cash held		43,005	59,428
Cash at the beginning of the financial year		355,770	296,342
Cash at the end of the financial year	3	398,775	355,770

The accompanying notes form part of these financial statements

Manly Warringah Basketball Association Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2013

Note 1: Statement of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the Association is a non-reporting entity because there are no users who are dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*.

The financial statements have been prepared in accordance with the Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

Accounting Policies

(a) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Donations and bequests are recognised as revenue when received. Revenue from the rendering of a service is recognised when invoiced. Interest revenue is recognised when received.

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

(b) Income Tax

No provision for income tax has been raised, as the Association is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(c) Comparative Figures

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

When an Association applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

Manly Warringah Basketball Association Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2013

Note 1: Statement of Significant Accounting Policies (continued)

(d) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(e) **Inventories**

Inventories are measured at the lower of cost and net realisable value. Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of the acquisition.

(f) **Plant and Equipment**

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the 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.

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the asset's useful life to the Association commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Basketball equipment	Prime Cost	7.5% - 25%
Office equipment	Prime Cost	5% - 40%

Manly Warringah Basketball Association Limited

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2013

Note 1: Statement of Significant Accounting Policies (continued)

Plant and Equipment (continued)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(g) Impairment of Assets

At each reporting date, the Association reviews the carrying values of its tangible and intangible 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 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 statement of comprehensive income.

(h) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Manly Warringah Basketball Association Limited

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2013

Note 1: Statement of Significant Accounting Policies (continued)

(j) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Other employee benefits payable later than one year (long service leave) have been measured at the net present value.

Contributions are made by the Association to an employee superannuation fund and are charged as expenses when incurred.

(k) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(l) Intangibles

Right to use NBISC stadium

The right to use the NBISC stadium is recorded at cost less accumulated amortisation and impairment losses. Directors have estimated the useful life of the right to be 20 years. It is assessed annually for impairment.

During the year, the lease agreement of NBISC was extended for further 6 years, and the new expiry is 30 June 2026.

(m) Contributions

The Association receives non-reciprocal contributions from other parties for no or a nominal value. These contributions are recognised at the fair value on the date of acquisition upon which time an asset is taken up in the balance sheet and revenue in the income statement.

Manly Warringah Basketball Association Limited

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2013

Note 1: Statement of Significant Accounting Policies (continued)

(n) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

Key estimates – Useful life of the NBISC asset.

The directors have assessed that the useful life of the NBISC asset is 20 years. The estimated life is based on the directors expected occupancy of the stadium.

(o) Adoption of New and Revised Accounting Standards

The Association has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current reporting period.

(p) New Accounting Standards for Application in Future Periods

- AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2015).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key change made to accounting requirements that may impact the company is:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value

The company has not yet estimated the impact of these pronouncements on its financial statements

Manly Warringah Basketball Association Limited

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2013

	2013	2012
	\$	\$
NOTE 2: PROFIT BEFORE INCOME TAX		
Revenue		
Registrations	178,074	167,539
Canteen sales	128,788	120,340
Playing fees	564,759	529,786
Other	242,620	234,219
Interest income	9,303	11,556
	<u>1,123,544</u>	<u>1,063,440</u>
Expenses		
Depreciation and amortisation expense	9,116	9,359
Remuneration of auditor	9,000	8,750
Superannuation expense	13,280	10,297
NOTE 3: CASH AND CASH EQUIVALENTS		
Cash on hand	1,805	828
Cash at bank	281,373	239,345
Term deposits	115,597	115,597
	<u>398,775</u>	<u>355,770</u>
NOTE 4: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	6,715	10,912
Less: provision for doubtful debts	(1,357)	(5,877)
	<u>5,358</u>	<u>5,035</u>
NOTE 5: INVENTORY		
Inventory	574	574
NOTE 6: OTHER ASSETS		
CURRENT		
Deposits	50	50

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2013

	2013	2012
	\$	\$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
BASKETBALL EQUIPMENT		
At cost	43,328	43,328
Less: accumulated depreciation	(34,909)	(33,070)
Total basketball equipment	<u>8,419</u>	<u>10,258</u>
OFFICE EQUIPMENT		
At cost	33,151	33,151
Less: accumulated depreciation	(28,137)	(25,948)
Total office equipment	<u>5,014</u>	<u>7,203</u>
Net carrying amount	<u>13,433</u>	<u>17,461</u>
NOTE 8: INTANGIBLE ASSETS		
NBISC Stadium – rights to use	100,661	100,661
Less: accumulated amortisation	(61,056)	(55,967)
	<u>39,605</u>	<u>44,694</u>
NOTE 9: TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	654	6,874
Accruals	8,700	21,584
Other payables	10,167	13,466
	<u>19,521</u>	<u>41,924</u>
NOTE 10: PROVISIONS		
CURRENT		
Provisions for long service leave	6,373	-
NON-CURRENT		
Provisions for long service leave	9,698	-

Manly Warringah Basketball Association Limited

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2013

	2013	2012
	\$	\$
NOTE 11: CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	40,543	43,326
Cash flows excluded from profit attributable to operating activities:		
Non-cash flows in profit		
Depreciation and amortisation	9,116	9,359
Bad debt	(4,520)	5,877
Changes in assets and liabilities:		
(Increase)/ Decrease in inventories	-	(573)
(Increase)/ Decrease in trade receivables	4,197	(9,569)
Increase/ (Decrease) in trade payables and accruals	(9,518)	11,189
Increase/ (Decrease) in employee entitlements	16,071	-
Increase/ (Decrease) in provisions	(12,884)	-
Cash flows provided by operating activities	43,005	59,609

NOTE 12: MEMBERS GUARANTEE

The Association is incorporated under the *Corporations Act 2001* and is an Association limited by guarantee. If the Association is wound up, the constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the Association. At 31 December 2013 the number of members was 50.

NOTE 13: ASSOCIATION DETAILS

Registered office and the principal place of business is:

Manly Warringah Basketball Association

Northern Beaches Indoor Sports Centre

Jacksons Road, Warriewood NSW 2102

Manly Warringah Basketball Association Limited

ABN 18 003 482 835

DIRECTORS' DECLARATION

The directors have determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the Association declare that:

1. The financial statements and notes, as set out on pages 5 to 16, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 31 December 2013 and of the performance for the year ended on that date in accordance with the accounting policies described in Note 1 of the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

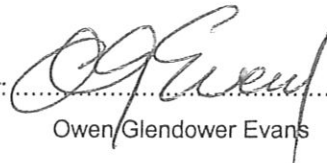
This declaration is made in accordance with a resolution of the Board of Directors.

Director:



Jennifer Saggus

Director:



Owen Glendower Evans

Dated this 13 day of May 2014

Dated this 13 day of May 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANLY WARRINGAH BASKETBALL ASSOCIATION LIMITED

We have audited the accompanying financial report, being a special purpose financial report of Manly Warringah Basketball Association Limited, which comprises the statement of financial position as at 31 December 2013, the 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.

Directors' Responsibility for the Financial Report

The directors of the Association are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Qualification

As is common for organisations of this type, it is not practicable for Manly Warringah Basketball Association Limited to maintain an effective system of internal control over canteen sales until their entry into the accounting records. Accordingly, our audit in relation to canteen sales was limited to the amounts recorded. Receipts from canteen sales amounted to \$128,788 (2012: \$120,340).


Qualified Auditor's Opinion

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitation on our audit procedures referred to in the qualification paragraph not existed, the financial report is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the Association's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Director's financial reporting responsibilities under the *Corporation Act 2001*. As a result, the financial report may not be suitable for another purpose.


CROWE HORWATH SYDNEY



ASH PATHER

Partner

Dated this 13th day of May 2014