

MARYBOROUGH HIGHLAND SOCIETY Inc.

160th Annual Report

President

Anne Canterbury

Vice President

Bruce Dellavedova

Deputy Vice President

Andrew Rae

Treasurer

Roger Watkins

Board Members

Craig Maher

Anthony Anderson

John Simmons

Lachlan Robinson

Bruce Kaye

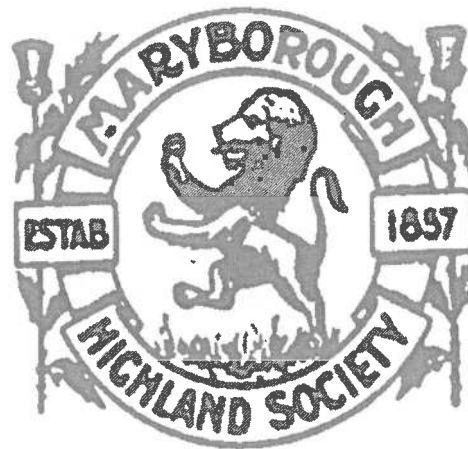
Lynelle Trickey

General Manager

Malcolm Blandthorn

PRESIDENT'S REPORT

Anne Canterbury



It again gives me great pleasure as my second report as President of your Society. I would like to start by again by expressing appreciation to the Executive and Board of Management, members and staff for their support over the past year.

At the 2016 election of Board members, Roger Watkins, Craig Maher and I were re-elected for a further term. Lynelle Trickey and Bruce Kaye were elected and welcomed as new Board members.

The death of Bruce Dellavadova, Vice-President, was a blow to us all, and I would especially like to acknowledge the help and support he provided for me.

Again life has not been easy for our General Manager, due to our poor financial situation. During this financial year, this information has been outsourced to a firm of very capable accountants, this has not only improved our financial reports but has been a good cost-cutting exercise organised by Malcolm Blandthorn. Additionally the sale of all Castlemaine's gaming entitlements and the sale of Kyneton Bowling Club have certainly improved our financial situation for the future.

The management fees owed by Kyneton were not paid during the term of our management and have been treated as a doubtful debt. We have, over the last few years, written off this debt, with the final write-off this financial year, as you will see from Roger's report.

Both Castlemaine and Kyneton have been an absolute disaster for this club and it is a huge relief for the Board that we can now see our way clear to the development of the new Sports Bar.

It would be remiss of me not to mention the work of the Board Members, Deputy Vice-President, Andrew Rae and Anthony Anderson, who acted as Treasurer during Roger's absence, John Simmons, Craig Maher and Lachy Robinson. As I stated in my report last year, debate is a healthy process and a necessary path for Board members to reach the right decisions for our members.

Towards the end of this financial year we welcomed Jaye Foon as Human Resources Manager, he successfully completed his three month trial period and at his request has a one year contract with an option of a further year.

I continue to lead an active and involved role in the Society and the wider community. I represent the Society at a number of AGMs, particularly at this time of year. Too many to mention but I would like to draw your attention to our support for Red Cross and Riding for the Disabled, very worthy causes.

During this financial year, I was inducted as a Legatee in Legacy, a great honour and most rewarding. My first attendance at the bowling members Legacy fundraising event was this year and it was gratifying to note the support for Legacy demonstrated by our bowling members.

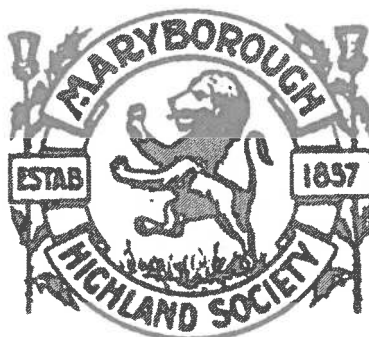
It was a great pleasure to join with Liane Sinclair, as Chieftain, reviewing the 159th Gathering Parade and the following Games. I congratulate all our members who work to make this event so successful, not just this year but all the many previous years.

On behalf of all our members, I would like to express our condolences to the families of all our Board, members and staff who have experienced family losses. The death of Stephen Moyle, our go-to man, was a loss felt keenly by members and staff.

My plan for the future is to complete the remaining two years of my term and then due to my increasing age and promise to my husband Clarrie, I will not stand for re-election.

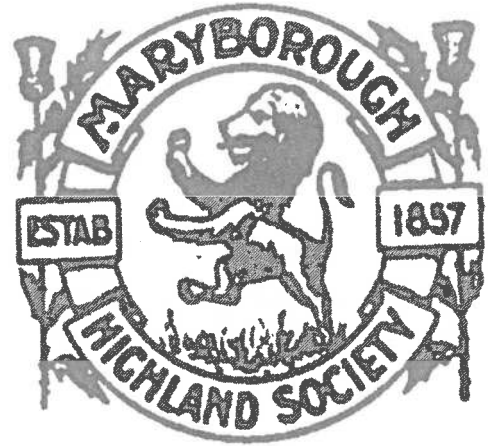
ANNE CANTERBURY

President.



GENERAL MANAGER'S REPORT

Malcolm Blandthorn



Over the past Financial Year, the Board of the Maryborough Highland Society has released itself from the shackles that were holding it back, the financial burdens of Kyneton and Castlemaine are all but a fading image in the rear-view mirror. It is finally time for the Society to start looking after number one, the Society itself.

For the first time in my 6 years here, the future is looking bright. No longer are we juggling money, working out who to pay first. No longer are we entering payment plans with the tax office. No longer are we even wondering how we will pay at all. Whilst the future is looking brighter than ever, now is not the time to be frivolous in thinking we are out of the woods. Now is the time to consolidate and make plans to set the Society up for the years to come.

This has only been achieved through tight fiscal planning, by a strong and hard-working board led by President Anne Canterbury, Treasurer Roger Watkins, Vice President Bruce Dellavedova and Deputy Vice President Andrew Rae. Their unwavering resolve to think outside the box and make the hard decisions to ensure the long-term prosperity of the Highland Society, has been a positive approach.

It is with this view of consolidating, that the Board of the Society, via its strategic planning has decided that the construction of a Sports Bar will benefit the Society in many ways. Despite the membership of the Society doubling over the past 6 years, the average age of members has also increased. It is anticipated that the construction of a Sports Bar will attract a younger type of member, increase our bar sales, reduce the Society's reliance on gaming and allow the Society to cater for more bistro and event patrons via extra room these facilities will provide.

Whilst the sports bar plans are well underway, the Board of the Society are aware of impending costs that will need to be met over the next 5 years. Gaming entitlements for the period of 2022 – 2032 are likely to cost approximately \$2.2 million. Electricity costs have nearly doubled over the past 12 months, therefore roof restoration to install solar panels is currently underway. These items are other examples of how the board of the Society are strategically planning for the long-term future of the Club.

Whilst strategically and financially it has been a great year for the Society, it has also been a hard year in many ways too. The loss of long term board member Bruce Dellavedova was felt by all, Bruce's dedication to the Society and ability to work through issues with a common-sense approach is sorely missed. Likewise, the loss of Steve Moyle, a favourite with staff, members, patrons and the Bingo ladies cannot be replaced. We will miss you Bruce and Steve, your contribution to the Society was invaluable.

2017 has also been a year of change. This is the first year we have outsourced our accounts, a hard decision to make a long-term staff member redundant has repaid the Society not just financially but also in productivity. Personally, the amount of time I don't have to spend on ensuring the accounts are right, that I can dedicate to overseeing the business cannot be underestimated. The change in fortunes in the kitchen have been nothing short of extraordinary. Under the new leadership of Jenna Townsend, the enthusiasm in ensuring the kitchen is running to budget, embracing change, and stepping up to the challenge has been nothing short of infectious. Well done Jenna and her team, it is easy to see why she has been nominated as one of the finalists in the Chef of the Year award at the inaugural Women in Food Service Awards. The Society is fortunate to have you.

The change in the management structure with Jaye Foon joining the team as Human Resources and Operations Manager has also been a change in the right direction. When the board approached me last year, indicating they believed I needed help in this area, I was somewhat taken back. However, Jaye's ability to implement change, get the best out of staff and implement structure is something the Society and its staff have been lacking over the past few years. What he has been able to achieve in his limited time here has greatly improved our customer service.

The change in bringing in the Highland Gathering into the Society and having a staff member as Sports Secretary has also been a big change. Nick Weaver, the man nominated for this position has grabbed it with 2 hands and ran with it. Sponsorships and activities on the day are the great beneficiaries of this change. The Community Clubs Victoria Award for Outstanding Community Service is due to the successfulness of this year's Gathering, the Committee and the Volunteers that drive it. Well done.

Whilst change is great, it isn't always required. Julie and Pauline have had to take on extra responsibilities within their roles with the changing of the Management Structure. Great staff members as they are, these two have gone to another level over the past 12 months, never needing to be asked, just making sure the job gets done and ensuring everything runs smoothly as possible. Thank you for your support and commitment once again.

I have always been a great believer in putting great people around you to ensure you can do the best job possible. With this management team, department supervisors, staff and a supportive board, the Society has a great team to take us into the future and implement the changes required to ensure the long-term prosperity of the Highland Society.

Malcolm Blandthorn
General Manager



MINUTES OF ANNUAL GENERAL MEETING 16th SEPTEMBER 2016

Meeting Commenced at 6:55pm

Welcome:- President *Ms Anne Canterbury*

Grace:- *Mr Mike Lovell*

Annual Meeting commenced

President to open the meeting and call for Apologies:-

Dan Tehan, Federal Member for Wannon, Joyce Branton Life Member, Steve Braunton Legacy Victoria, Mark Johnson – CEO Central Goldfields Shire, Peter Hooper Goldfields Bowls, Les Chapman Maryborough Harness Racing Club, Kim Lovett Bendigo Bank

Motion: That all the apologies be accepted,

Moved: Marj Shay

Seconded: Terry Murphy

- Carried

Motion: That the Minutes of Previous Annual General Meeting held 18th September 2015 as presented in the Annual Report be accepted

Moved: Jan Turner

Seconded: Rick Rollason

- Carried

Annual Reports: -

President Report. Ms Anne Canterbury

Anne stated that her report was there for all to read, and wished to highlight a few items. President Anne thanked the Board for all support over the past year, Malcolm (General Manager) for his work over the past year, as it wasn't an easy time with cash flow problems still affecting the Society, due to the cost of Castlemaine and Kyneton.

The Society is moving into a more stable financial position and once this is achieved the Board will look at doing more for its members, and not for other people.

Treasurer Report. Mr Roger Watkins

Roger reported that it has been a very busy year, with many changes in the financial department, the details of which have been included in the Treasurers Report. Of these changes, three to highlight are;

- In December last year, the Victorian Government legislated Pre-Commitment in relation to Gaming, which required the Society to attach to each Electronic Gaming Machine a device that enables players of the Gaming Machines to voluntarily restrict the amount of money or time they wish to spend. This cost was \$113,000 to install plus \$16,000 per annum for these to be monitored.
- The Society has switched over to a new accounting system, that is much more efficient and can produce more reports than the previous system.
- The Bistro had an increase in sales, however is still struggling to make a profit. Therefore, we are introducing several key performance indicators to monitor and increase profitability.

In relation to the financial figures, Roger reported the following

- Revenue is up by 6.9% and the Society has been able to contain increases in expenses to 5.0%
- The trading profit was \$85,755 up on last year, however we increased our provision for doubtful debts by \$600,000 (Kyneton Bowling Club).
- Equity versus Liability is a ratio of 1.9 or we have \$2 of equity for every \$1 of Liability the highest this ratio has been since 2011.
- Interest Bearing Liabilities have been reduced by 26.5% down to \$742,000
- Gaming Machine Entitlement Liability have been reduced by 27.3% to just over \$1,000,000.

Planning forward, and in relation to Anne's comments relating to cash flow, this is looking the best it has since 2011. With the Sale of the entitlements and the impending transfer of the Management rights over the Kyneton Bowling Club, the Society has been able to reduce its trade debtors by \$107,000 over the past couple of months. The plan for the next 12 months is further debt reduction.

The Board is acutely aware of the Society's reliance on Gaming Income (60%), that could be affected by the recent Federal election, and are investigating different forms of raising income to supplement this income.

Roger stated that he had thanked a few people in his report, but would like to thank his wife Rhonda, for all her support.

President Anne asked for Questions from the floor of which there was none relating to the reports.

Motion: That the reports be accepted

Moved: Clarrie Smith

Seconded: Ross Fitzmaurice

- Carried

President Anne Canterbury introduced the Board for the upcoming year

- President: Anne Canterbury
- Vice President: Bruce Dellavedova
- Treasurer: Roger Watkins
- Deputy Vice President: Andrew Rae
- Board Members: Craig Maher John Simmons Lachlan Robinson
Anthony Anderson Lynelle Trickey Bruce Kaye

General Business.

There was no General Business

Meeting Closed 7:40pm,

This is a true and correct record of the minutes of the meeting held on the 16th September 2016



Signed Anne Canterbury
President

21/10/2016

Date

MINUTES OF SPECIAL GENERAL MEETING 1st AUGUST 2017

Meeting Commenced at 7:00pm and was Chaired by President Anne Canterbury

ATTENDEES:

As per sign in sheet

GENERAL BUSINESS

1. To vote on a Special Resolution and adopt changes to the Constitution as recommended by the Board of the Maryborough Highland Society. These Changes have been provided with the Agenda in the form of an Information / Discussion Paper. General Manager Malcolm Blandthorn and Treasurer Roger Watkins provided answers and explanations to the members attending.

- | | | | |
|------|--|----------------------|--------------------------------|
| 1.1 | Rule 5 - Adopt New Membership Structure | | |
| | Moved: G Lambert | Seconded: G Leyton | <i>Motion - Carried</i> |
| 1.2 | Rule 5.1 (f), 5.1(h), 5.2(g), 5.2(i) - Adopt new Membership Application Process | | |
| | Moved: J Inglis | Seconded: L Robinson | <i>Motion - Carried</i> |
| 1.3 | Rule 5(c) - Membership Nomination – Adopt New Rule | | |
| | Moved: M Shay | Seconded: B McKenzie | <i>Motion - Carried</i> |
| 1.4 | Rule 5 - Membership Privileges – Move from Constitution to By Laws | | |
| | Moved: J Inglis | Seconded: R Watkins | <i>Motion – Carried</i> |
| 1.5 | Rule 13.1 - Management – Split into 2 rules 13.1 and 13.2 for clarity | | |
| | Moved: M Wintle | Seconded: C Dewar | <i>Motion – Carried</i> |
| 1.6 | Rule 13.1 - Management – Adopt new Rule 13.1 | | |
| | Moved: J Arthur | Seconded: A Anderson | <i>Motion – Carried</i> |
| 1.7 | Rule 13.2 - Management – Adopt New Rule 13.2 | | |
| | Moved: J Inglis | Seconded: C Smith | <i>Motion – Carried</i> |
| 1.8 | Rule 15.5 - Election of Board Members – Adopt new Rule 15.5 | | |
| | Moved: J Inglis | Seconded: N Reeves | <i>Motion – Carried</i> |
| 1.9 | Rule 16.6 - Conduct of Ballot for Election of Board Members – Adopt new rule from By-Laws | | |
| | Moved: J McKinnis | Seconded: J Simmons | <i>Motion – Carried</i> |
| 1.10 | Rule 16.24 - Conduct of Ballot for Election of Board Members – Delete Rule 16.24 | | |
| | Moved: C Wintle | Seconded: T Anderson | <i>Motion – Carried</i> |

- 1.11 Rule 18.3 - Election of Office Bearers – Remove the word sole from Rule 18.3
Moved: J Inglis Seconded: M Lovell **Motion – Carried**
- 1.12 Rule 19.1(h) - Casual Vacancies – Adopt New Rule 19.1(h)
Moved: I Lambert Seconded: B Bartlett **Motion – Carried**
- 1.13 Rule 19.5 - Casual Vacancies – Adopt new Rule 19.5
Moved: A Emery Seconded: J Inglis **Motion – Carried**
- 1.14 Rule 21.1 - Bowls Victoria Sub-Committee – Adopt new Rule 21.1
Moved: A Masterman Smith Seconded: G Baker **Motion – Carried**
- 1.15 Rule 21.2 - Bowls Victoria Sub-Committee – Adopt new Rule 21.2
Moved: I Lambert Seconded: J Simmons **Motion – Carried**

2. DISCUSSION ON SPORTSBAR PROGRESS

Meeting Closed 8:10pm,

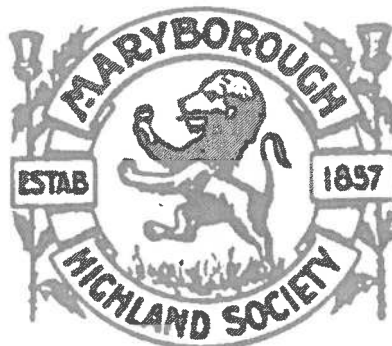
This is a true and correct record of the minutes of the meeting held on the 1ST August 2017



Signed Anne Canterbury
President

17/08/2017

Date



TREASURER'S REPORT

Roger Watkins



I am pleased to present to Members my Treasurer's Report which covers the period from 01 July 2016 to 30 June 2017.

I reported last year that we had contracted an accounting firm in Ballarat to move the Society's accounts onto the internet. After the first full year of operations, it is pleasing to find that the anticipated advantages which the new system promised have all come to fruition, especially the savings in expenditure and the prompt preparation of reports.

Goals for 2016 -2017

Also, during my report last year, I indicated that we would be concentrating on three main areas during 2016 – 2017 namely:-

- a) Continued reduction in our level of debt,
- b) Turning around the situation in the Bistro, and
- c) Maintaining our Gaming Revenue whilst looking at supplementing this with other sources of revenue.

Throughout the year the Board continued its emphasis on debt reduction with "Interest Bearing Liabilities" being reduced by 46.9% to \$394,732. We have repaid our Bendigo Bank EGM Loan which was used to purchase some of our original Gaming Machines and expect to discharge our Bendigo Bank Building Loan and our other original Gaming Machines Loan by September 2017. In addition, our Gaming Machine Entitlements have been reduced by 31.1% to \$753,757 and our Payables by 21.4% to \$562,129. These actions have reduced our debt by \$841,982 during the financial year and have placed us in a strong position to comfortably service the loan which will be required to construct the proposed Sports Bar.

The Board implemented a number of strategies to reduce costs in the Bistro this year. It is pleasing to report that these actions, along with increasing sales, have resulted in a full-year profit of \$63,442. Head Chef Jenna and her team are to be congratulated on working with the Board to achieve this positive result.

As well as this profit providing an alternative source of revenue, the success of the Wednesday night "Superdraw" has also added to our income stream. From January this year until the end of the financial year, the "Superdraw" has achieved an extra income flow of around \$10,000 per month for the Society. It is very pleasing to see the Members strongly supporting the night each week.

On average, Regional Community Clubs have experienced a downturn in returns from Gaming Machines over the last financial year. However, I am happy to report that the Society was one of the few Clubs able to buck this State-wide trend and achieve a modest increase, thereby maintaining the level of our Gaming Revenue. This reflects the efforts of Malcolm, Jaye and Gaming Manager Pauline to provide a vibrant Gaming Room with helpful staff and regular changes to our stock of machines.

The Figures For 2016 - 2017

Net Profit

Net Profit for the year was a very healthy \$297,873. As indicated last year, over the last few years our accounts have shown a Provision for Doubtful Debts to cover the situation whereby the Society was unlikely to receive any of the annual Management Fees due to us under the Management Agreement signed with the Kyneton Bowling Club. With the sale of the Kyneton Bowling Club in August 2016, we have now written off the balance of this provision totalling \$677,141. Again I stress that this action is simply an accounting paper transaction and in no way reflects our trading position for the year or our financial situation at the end of the year which remains extremely sound.

Total Revenue

Revenue is up 6.1%, with income from all three major sources having increased over last year.

Administration Expenses

Administration Expenses have been contained to an increase of 5.4%.

As many of us have experienced, a major area of expense during the year has been the increasing charges for utilities such as gas, electricity and water and for rates. Fortunately, the Society has been able to contain these costs this year. Now that we are in a better financial position, we have commenced investigating the suitability of solar panels as a means of helping to reduce the level of expenditure on electricity even further.

Salaries

During 2016 – 2017, salaries accounted for 39.2% of our total expenses and, as our second largest expense, are constantly being monitored. However, I am pleased to report during the year our wages bill increased by only 1.1%, a good result considering the 1.9% increase in the Wage Price Index for the same period.

Trade Creditors

We continue to reduce the level of our Trade Creditors. Of those outstanding, less than 10% are outstanding for more than 30 days.



The Future

I believe we can face the future with a great deal of confidence. We have positioned ourselves well to undertake the Sports Bar development, which will be our first development for some time. Our focus will continue to be on monitoring our borrowings and administration expenses and on reducing our trade debtors.

The current State Government Entitlement program which covers the period 2012 to 2022 and which saw all Clubs and Hotels having to purchase their gaming machines and pay these off would have expired this year. However, due to financial hardship, the Society was granted an extension for payments until 2019. To date, we have received no detailed information on what will be the Government's plans for the period 2022 to 2032. Early indications are that we will be required to lodge a deposit as early as February 2018. Since we continue to rely on revenue from Gaming as the Society's main source of income, the Board is anxious to learn what the State Government has in mind for the future in this area. Whatever eventuates will necessitate our continuing diligence to ensure we maintain a serviceable level of revenue.

I would like to thank all Board members for their support throughout the year. In particular, I thank Tony Anderson for providing backup when I was absent. Again I have relied heavily on the financial acumen, skill and dedication of Malcolm Blandthorn our General Manager. It has been a pleasure working with you Malcolm. I would also like to thank the new Human Resources Manager Jaye Foon for his continuing efforts to streamline the staff rostering procedures which have resulted in reduced costs to the Society.

Roger Watkins
Treasurer



MARYBOROUGH HIGHLAND SOCIETY INC.
ABN: 37 631 550 150
REPORT OF THE MEMBERS OF THE COMMITTEE

The Members of the Committee herewith submit the financial report of Maryborough Highland Society Inc. for the financial year ended 30 June 2017.

COMMITTEE MEMBERS

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

President	Anne Canterbury	Craig Maher
Vice President	Bruce Dellavedova*	John Simmons
Treasurer	Roger Watkins	Anthony Anderson
Deputy Vice President	Andrew Rae	Lachlan Robinson
		Lynelle Trickey
		Bruce Kaye

Members appointed September 2016
Lynelle Trickey Bruce Kaye

Members retired September 2016
Ian Halpin

*Members deceased February 2017
Bruce Dellavedova

PRINCIPAL ACTIVITIES

The principal activities of the association during the course of the financial year were Social and Bowling Activities.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Committee there were no significant changes in the state of affairs of the Association that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

OPERATING RESULTS

The loss from ordinary activities amounted to \$379,268. (2016 loss \$514,248)

Signed in accordance with a resolution of the Committee.



Anne Canterbury
President



Roger Watkins
Treasurer

Dated this 24th day of August 2017

Independent Audit Report to the Members of

MARYBOROUGH HIGHLAND SOCIETY INC.



Unqualified Opinion

We have audited the accompanying financial report, being a general purpose financial report, of the Maryborough Highland Society Inc., which comprises the statement of financial position as at 30 June 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, the financial report of the Maryborough Highland Society 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 30 June 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.

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

The Committee of the Association is responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 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.

Liability limited by a scheme approved under Professional Standards Legislation

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ACCOUNTING & AUDIT SOLUTIONS BENDIGO

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.
- 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: 6/9/2017

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MARYBOROUGH HIGHLAND SOCIETY INC.
ABN: 37 631 550 150

COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenues from ordinary activities	2	5,579,158	5,258,437
Cost of goods sold	3	(919,798)	(818,246)
Salaries & employee benefits expense		(2,108,121)	(2,084,795)
Depreciation and amortisation expense	3	(699,270)	(794,669)
Administration & other expenses from ordinary activities	3, 4	(2,231,238)	(2,074,975)
TOTAL COMPREHENSIVE RESULT FOR YEAR		(379,268)	(514,248)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash Assets	5	394,333	294,366
Receivables	6	3,143	694,280
Inventories	7	40,355	38,544
Bonds		1,120	5,456
TOTAL CURRENT ASSETS		438,951	1,032,646
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	4,710,344	4,915,774
Intangible Assets	9	1,433,186	1,908,134
TOTAL NON-CURRENT ASSETS		6,143,530	6,823,908
TOTAL ASSETS		6,582,481	7,856,554
CURRENT LIABILITIES			
Payables	10	562,129	715,592
Provisions	11	258,350	305,703
Interest Bearing Liabilities	12	211,839	417,361
Non Interest Bearing Liabilities	13	380,753	345,207
TOTAL CURRENT LIABILITIES		1,413,071	1,783,863
NON-CURRENT LIABILITIES			
Provisions	11	53,155	52,773
Interest Bearing Liabilities	12	182,893	325,333
Non Interest Bearing Liabilities	13	373,004	754,959
TOTAL NON-CURRENT LIABILITIES		609,052	1,133,065
TOTAL LIABILITIES		2,022,123	2,916,928
NET ASSETS		4,560,358	4,939,626
EQUITY			
Retained Profits	14	3,766,101	4,145,369
Asset Revaluation Reserve		794,257	794,257
TOTAL EQUITY		4,560,358	4,939,626

The above Statement should be read in conjunction with the Notes to the Accounts.

MARYBOROUGH HIGHLAND SOCIETY INC.
ABN: 37 631 550 150

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from club and gaming activities		5,590,847	5,643,583
Payments to suppliers and employees		(4,277,078)	(4,376,272)
Interest received		1,648	1,598
Net GST paid to ATO		(502,203)	(310,923)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	15b	813,214	957,986
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		192,866	-
Purchase of property, plant and equipment		(211,742)	(206,110)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(18,876)	(206,110)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from/(repayment of) borrowings		(694,371)	(628,465)
NET CASH FROM FINANCIAL ACTIVITIES		(694,371)	(628,465)
NET INCREASE/(DECREASE) IN CASH HELD		99,967	123,411
Cash at the beginning of the financial year		294,366	170,955
CASH AT THE END OF THE FINANCIAL YEAR	15a	394,333	294,366

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Asset Reval Reserve \$	Retained Earnings \$	Total Equity \$
As at 1 July 2015	794,257	4,659,617	5,453,874
Comprehensive Result for the Year	-	(514,248)	(514,248)
Transfers to/(from) Reserves	-	-	-
As at 30 June 2016	794,257	4,145,369	4,939,626
	Asset Reval Reserve \$	Retained Earnings \$	Total Equity \$
As at 1 July 2016	794,257	4,145,369	4,939,626
Comprehensive Result for the Year	-	(379,268)	(379,268)
Transfers to/(from) Reserves	-	-	-
As at 30 June 2017	794,257	3,766,101	4,560,358

The above Statement should be read in conjunction with the Notes to the Accounts.

MARYBOROUGH HIGHLAND SOCIETY INC.
ABN: 37 631 550 150
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, Accounting Interpretations and the requirements of the *Associations Incorporation Reform Act 2012 (Vic)*.

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 a financial report containing relevant and reliable information about transactions, events and conditions.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

(a) Income tax

Maryborough Highland Society Inc. is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Receivables and payables are stated inclusive of GST.

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

(c) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

(d) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation. Employee provisions are measured based on remuneration rates expected to be paid when the liability is expected.



MARYBOROUGH HIGHLAND SOCIETY INC.
ABN: 37 631 550 150
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Plant and Equipment

Plant and equipment are brought to account at cost or fair value, less where applicable, any accumulated depreciation or amortisation.

Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their useful life to the entity commencing from the date of acquisition/revaluation. All property, plant and equipment is depreciated using the straight line method.

Class of Asset	Rate	Class of Asset	Rate
Bowling Greens	10%	Gaming Machine Licences	10%
Motor vehicles	20%	Electronic Gaming Machines	20-25%
Furniture & fittings	5%-25%	Land	0%
Plant & equipment	5% - 20%	Buildings	2.5%-5%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. 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 and losses are included in the income statement. When revalue assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

(f) Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

(g) Comparative Figures

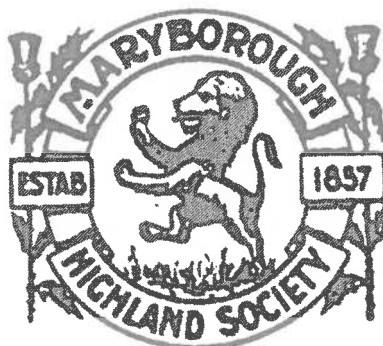
Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(h) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in these goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

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



NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Instruments.

Recognition.

Financial Instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Available-for-sale financial assets.

Available-for-sale financial assets include any financial assets not included in the above categories.

Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment.

At each reporting date, the Association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(j) 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 income statement.

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 assets belongs.

Critical Accounting Estimates and Judgements

The committee members evaluate estimates and judgements incorporated into the financial report 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.

The Association assesses impairment at each reporting date by evaluating conditions specific to the association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(k) Poker Machine Entitlements

Poker Machine Entitlements, which are essentially permits allowing the Club to operate poker machines, have been valued at cost and taken up in the Club's books at 30 June 2013. Poker Machine Entitlements are tradeable, have a finite life and will be carried at cost, less any impairment losses. They will be assessed annually for any impairment



NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases

Lease 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 amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

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

(m) 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 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	When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 17 <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. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**NOTE 2: REVENUE FROM ORDINARY ACTIVITIES**

	2017	2016
	\$	\$
Operating activities		
- Club revenue	256,883	254,381
- Bar revenue	806,567	717,107
- Bistro revenue	1,337,163	1,169,667
- Bowls revenue	48,792	55,796
- Gathering revenue	47,347	6,544
- Gaming revenue	3,080,716	3,053,344
Non-operating activities:		
- interest received	1,675	1,598
- proceeds on disposal of plant & equipment	15	-
TOTAL REVENUE	5,579,158	5,258,437

NOTE 3: EXPENSES

	2017	2016
	\$	\$
Depreciation of non-current assets:		
- building and improvements	89,273	89,272
- sports grounds	12,493	25,793
- motor vehicles	20,810	10,580
- office equipment	38,229	40,488
- furniture & fittings	22,142	24,934
- plant and equipment	33,990	34,967
- gaming machine entitlements	282,099	311,341
- electronic gaming machines	200,235	257,294
	699,270	794,669
Administration & other expenses		
- administration		
- advertising	91,591	103,652
- building and equipment	121,942	107,528
- finance, legal and licensing	124,561	112,281
- office costs	42,352	42,337
- personnel	97,182	102,001
- utilities	132,866	135,736
- sponsorship	23,928	18,230
- bad debts	677,141	600,000
- other	2,828	(2,772)
- total administration	1,314,391	1,218,993
- bar	12,164	14,972
- bingo	60,672	54,309
- bistro	24,837	23,806
- bowling	30,790	56,164
- cleaning	15,378	11,703
- functions	70,245	61,221
- gaming		
- personnel	6,762	6,589
- finance, legal and licensing	91,286	73,500
- maintenance and service	110,525	172,692
- promotions	186,881	140,085
- sponsorship	39,422	35,680
- other	56,378	40,626
- total gaming	491,254	469,172
- gathering	73,694	39,787
- members	128,612	118,148
	2,222,038	2,068,275
Cost of goods sold		
- Bar Cost of Goods Sold	332,519	282,410
- Bistro Cost of Goods Sold	587,279	535,836
	919,798	818,246

MARYBOROUGH HIGHLAND SOCIETY INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4: AUDITORS' REMUNERATION

	2017	2016
	\$	\$
Amounts received or due and receivable by the auditor for:		
- Audit or review of the financial report of the association	9,200	6,700
	<u>9,200</u>	<u>6,700</u>

NOTE 5: CASH ASSETS

	2017	2016
	\$	\$
Cash at bank and on hand	394,333	294,366
	<u>394,333</u>	<u>294,366</u>

NOTE 6: RECEIVABLES

	2017	2016
	\$	\$
Trade debtors	3,143	7,184
Kyneton Bowling Club Inc. loan	-	1,887,096
Provision for doubtful debts	-	(1,200,000)
	<u>3,143</u>	<u>694,280</u>

Management rights for Kyneton Bowling Club Inc were disposed during the financial year. As part of this disposal, the balance of the loan has been written-off.

NOTE 7: INVENTORIES

	2017	2016
	\$	\$
Stock on Hand - Bar	24,868	20,397
Stock on Hand - Bistro	15,487	18,147
	<u>40,355</u>	<u>38,544</u>

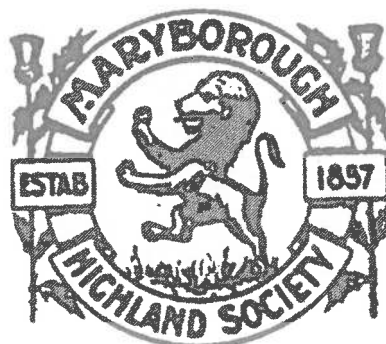


MARYBOROUGH HIGHLAND SOCIETY INC.
ABN: 37 631 550 150
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	\$	\$
<i>"A" + "B" Green</i>		
At cost	405,605	405,605
Less accumulated depreciation	<u>(405,605)</u>	<u>(393,112)</u>
Total "A + B" green	<u><u>-</u></u>	<u><u>12,493</u></u>
<i>Buildings</i>		
At Valuation	3,463,576	3,463,576
Less accumulated depreciation	<u>(408,697)</u>	<u>(319,424)</u>
Total Buildings	<u><u>3,054,879</u></u>	<u><u>3,144,152</u></u>
<i>Office Equipment</i>		
At cost	350,002	338,623
Less accumulated depreciation	<u>(231,988)</u>	<u>(193,759)</u>
Total Office Equipment	<u><u>118,014</u></u>	<u><u>144,864</u></u>
<i>Land</i>		
At Valuation	830,000	830,000
Less accumulated depreciation	<u>-</u>	<u>-</u>
Total Land	<u><u>830,000</u></u>	<u><u>830,000</u></u>
<i>Motor vehicles</i>		
At cost	167,783	136,171
Less accumulated depreciation	<u>(80,507)</u>	<u>(59,697)</u>
Total Motor Vehicles	<u><u>87,276</u></u>	<u><u>76,474</u></u>
<i>Plant and Equipment</i>		
At cost	1,182,869	1,155,830
Less accumulated depreciation	<u>(1,056,375)</u>	<u>(1,025,548)</u>
Total Plant and Equipment	<u><u>126,495</u></u>	<u><u>130,282</u></u>
<i>Furniture and fittings</i>		
At cost	713,836	711,391
Less accumulated depreciation	<u>(661,806)</u>	<u>(639,664)</u>
Total Furniture and Fittings	<u><u>52,031</u></u>	<u><u>71,727</u></u>
<i>Electronic Gaming Machines</i>		
At cost	1,322,328	1,266,594
Less accumulated depreciation	<u>(925,301)</u>	<u>(760,812)</u>
Total Electronic Gaming Machines	<u><u>397,027</u></u>	<u><u>505,782</u></u>
<i>Work in Progress</i>	<u><u>44,623</u></u>	<u><u>-</u></u>
Total Property Plant and Equipment	<u><u>4,710,344</u></u>	<u><u>4,915,774</u></u>

An independent valuation of the Club's land and building was performed by PP & E Valuations Pty Ltd (Melbourne) to determine the fair value of the land, improvements and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 1 December 2012.



MARYBOROUGH HIGHLAND SOCIETY INC.
ABN: 37 631 550 150
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: INTANGIBLE ASSETS

	2017	2016
	\$	\$
<i>Gaming Machine Licences</i>		
At cost	2,794,406	3,113,406
Less accumulated depreciation	(1,361,220)	(1,205,272)
Total Gaming Machine Licences	<u>1,433,186</u>	<u>1,908,134</u>
 Total Intangible Assets	 <u>1,433,186</u>	 <u>1,908,134</u>
 Movements in carrying amounts		
<i>"A" + "B" green</i>		
Carrying amount at beginning of year	12,493	38,286
Additions	-	-
Disposals	-	-
Depreciation expense	(12,493)	(25,793)
Carrying amount at end of year	<u>-</u>	<u>12,493</u>
 <i>Land</i>		
Carrying amount at beginning of year	830,000	830,000
Additions	-	-
Disposals	-	-
Depreciation expense	-	-
Carrying amount at end of year	<u>830,000</u>	<u>830,000</u>
 <i>Buildings</i>		
Carrying amount at beginning of year	3,144,152	3,233,424
Additions	-	-
Disposals	-	-
Depreciation expense	(89,273)	(89,272)
Carrying amount at end of year	<u>3,054,879</u>	<u>3,144,152</u>
 <i>Office Equipment</i>		
Carrying amount at beginning of year	144,864	180,445
Additions	11,379	4,907
Disposals	-	-
Depreciation expense	(38,229)	(40,488)
Carrying amount at end of year	<u>118,014</u>	<u>144,864</u>
 <i>Plant & equipment</i>		
Carrying amount at beginning of year	130,282	165,249
Additions	30,203	-
Disposals	-	-
Depreciation expense	(33,990)	(34,967)
Carrying amount at end of year	<u>126,495</u>	<u>130,282</u>
 <i>Furniture and fittings</i>		
Carrying amount at beginning of year	71,727	77,606
Additions	2,446	19,055
Disposals	-	-
Depreciation expense	(22,142)	(24,934)
Carrying amount at end of year	<u>52,031</u>	<u>71,727</u>
 <i>Motor vehicles</i>		
Carrying amount at beginning of year	76,474	29,106
Additions	31,612	57,948
Disposals	-	-
Depreciation expense	(20,810)	(10,580)
Carrying amount at end of year	<u>87,276</u>	<u>76,474</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**NOTE 9: INTANGIBLE ASSETS (CONTINUED)****Movements in carrying amounts***Electronic Gaming Machines*

	2017 \$	2016 \$
Carrying amount at beginning of year	505,782	638,876
Additions	91,480	124,200
Disposals	-	-
Depreciation expense	(200,235)	(257,294)
Carrying amount at end of year	<u>397,027</u>	<u>505,782</u>

Gaming Machine Licences

Carrying amount at beginning of year	1,908,134	2,219,475
Additions	-	-
Disposals	(192,849)	-
Depreciation expense	(282,099)	(311,341)
Carrying amount at end of year	<u>1,433,186</u>	<u>1,908,134</u>

In August 2016 58 Castlemaine Gaming Machine Licences were disposed of. 43 to Haggerston Nominees Pty Ltd and 15 to Stawell Harness Racing Club.

NOTE 10: PAYABLES

	2017 \$	2016 \$
Trade creditors	207,547	246,621
Amounts due to ATO	170,761	295,051
Accrued expenses	32,858	51,673
Trust accounts	-	25,800
Accounts prepaid	12,045	2,750
State taxes	138,918	93,697
	<u>562,129</u>	<u>715,592</u>

NOTE 11: PROVISIONS

	2017 \$	2016 \$
<i>Current</i>		
Annual leave	148,050	185,059
Long service leave	110,300	120,644
	<u>258,350</u>	<u>305,703</u>
<i>Non-Current</i>		
Long service leave	<u>53,155</u>	<u>52,773</u>

NOTE 12: INTEREST BEARING LIABILITIES

	2017 \$	2016 \$
<i>Current</i>		
Accrued	-	16,501
Capital Finance	10,612	10,613
Bendigo Bank	33,290	77,265
Bendigo Bank EGM Loan	-	34,952
Bendigo Bank EGM Finance	20,857	75,979
Finance Leases	139,915	207,472
Finance Charges Unexpired	(16,346)	(15,885)
Toyota Finance	23,510	10,464
	<u>211,839</u>	<u>417,361</u>
<i>Non Current</i>		
Capital Finance	7,075	17,687
Bendigo Bank	-	48,486
Bendigo Bank EGM Finance	-	24,373
Finance Leases	135,345	211,619
Finance Charges Unexpired	(29,942)	(33,793)
Vehicle Finance	70,416	56,961
	<u>182,893</u>	<u>325,333</u>

Bendigo Bank Loans are secured by a registered mortgage over the properties situated at 35 High St, Maryborough.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**NOTE 13: NON INTEREST BEARING LIABILITIES**

	2017	2016
	\$	\$
<i>Current</i>		
Gaming Machine Entitlements	380,753	339,375
Other	-	5,832
	380,753	345,207
<i>Non-Current</i>		
Gaming Machine Entitlements	373,004	754,959
Other	-	-
	373,004	754,959

NOTE 14: RETAINED PROFITS

	2017	2016
	\$	\$
Retained profits/(losses)	3,766,101	4,145,369
Movement in retained profits		
Balance at beginning of year	4,145,369	4,659,617
Net profit/(loss) attributable to Club	(379,268)	(514,248)
Balance at end of year	3,766,101	4,145,369

NOTE 15: CASH FLOW STATEMENT

	2017	2016
	\$	\$
<i>(a) Reconciliation of cash</i>		
Cash on Hand		
Operating accounts	394,333	294,366
	394,333	294,366
<i>(b) Reconciliation of profit from ordinary activities after tax to net cash from/(used in) operating activities</i>		
Profit/(loss) from ordinary activities after income tax	(379,268)	(514,248)
Non cash items		
- Depreciation and amortisation	699,270	794,669
- Bad Debts Write Off	677,141	600,000
- Profit/loss on disposal of asset	(15)	-
Changes in assets and liabilities		
- (Increase) decrease in receivables	13,996	(45,161)
- (Increase) decrease in Inventories	(1,811)	5,966
- (Increase) decrease in Bonds	4,336	-
- Increase (decrease) in payables	(153,463)	81,077
- Increase (decrease) in provisions	(46,971)	35,683
Net cashflows from/(used in) operating activities	813,214	957,986

NOTE 16: RELATED PARTY DISCLOSURES

No remuneration or retirement benefits are payable to members of the committee as the positions are voluntary.

There were no loans to or transactions with members of the Committee during the year.

NOTE 17: SUBSEQUENT EVENTS

There have been no events after the end of the financial year that would materially affect the financial statements

NOTE 18: CONTINGENT LIABILITIES

There were no contingent liabilities at the date of this report to affect the financial statements.

NOTE 19: SEGMENT REPORTING

The Association operates in the hospitality sector in the Maryborough and surrounding regions.

NOTE 20: REGISTERED OFFICE/PRINCIPAL PLACE OF BUSINESS

The registered office and principal place of business is 35 High Street, Maryborough, Victoria.



NOTE 21: FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

Maryborough Highland Society Inc's principal financial instruments comprise of deposits with banks, accounts receivable and payable and interest bearing liabilities and other financial liabilities.

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	(5)	394,333	294,366
Trade & Other Receivables	(6)	3,143	694,280
Total Financial Assets		397,476	988,646
Financial Liabilities			
At amortised cost			
Trade & Other Payables	(10)	391,368	420,541
Interest Bearing Liabilities	(12)	394,733	742,694
Other Financial Liabilities	(13)	753,757	1,100,166
Total Financial Liabilities		1,539,858	2,263,401

Specific Financial Risk Exposures and Management

(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 Maryborough Highland Society.

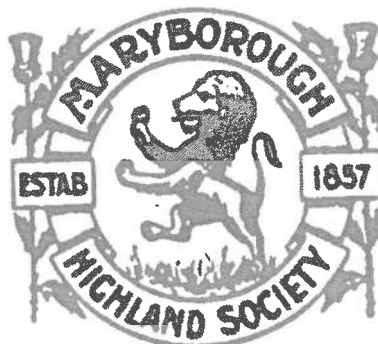
The Association does not have any material credit risk exposures.

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



MARYBOROUGH HIGHLAND SOCIETY INC.
ABN: 37 631 550 150
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 21: FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity Risk

Liquidity risk arises from the possibility that Maryborough Highland Society Inc might encounter difficulty in settling its debts or otherwise its obligations related to financial liabilities. Maryborough Highland Society 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 Maryborough Highland Society 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	391,368	420,541	-	-	-	-	391,368	420,541
Interest Bearing Liabilities	211,839	417,361	182,893	325,333	-	-	394,733	742,694
Other Financial Liabilities	380,753	345,207	373,004	754,959	-	-	753,757	1,100,166
Total contractual outflows	983,960	1,183,109	555,898	1,080,292	-	-	1,539,858	2,263,401
Total expected outflows	983,960	1,183,109	555,898	1,080,292	-	-	1,539,858	2,263,401
Financial assets - Cash flow realisable								
Cash & Cash Equivalents	394,333	294,366	-	-	-	-	394,333	294,366
Trade & Other Receivables	3,143	694,280	-	-	-	-	3,143	694,280
Total anticipated inflows	397,476	988,646	-	-	-	-	397,476	988,646
Net (outflow)/inflow on financial instruments	(586,484)	(194,463)	(555,898)	(1,080,292)	-	-	(1,142,382)	(1,274,755)

(c) Market Risk

(i) Interest rate risk

The financial assets of Maryborough Highland Society 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.

Maryborough Highland Society Inc is exposed to insignificant foreign currency risk and other price risks.

NOTE 21: FINANCIAL RISK MANAGEMENT (continued)**(c) Market Risk (Continued)****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	
2017	\$	Profit	Equity	Profit	Equity
		\$	\$	\$	\$
Financial assets:					
Cash & Cash Equivalents	394,333	(7,887)	(7,887)	3,943	3,943
Trade & Other Receivables	3,143	-	-	-	-
Financial liabilities:					
Trade & Other Payables	391,368	-	-	-	-
Interest Bearing Liabilities	394,733	7,896	7,896	(3,947)	(3,947)
Other Financial Liabilities	753,757	-	-	-	-

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

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

	Carrying Amount 2017 \$	Net Fair Value 2017 \$	Carrying Amount 2016 \$	Net Fair Value 2016 \$
Financial Assets				
Cash & Cash Equivalents	394,333	394,333	294,366	294,366
Trade & Other Receivables	3,143	3,143	694,280	694,280
Total Financial Assets	397,476	397,476	988,646	988,646
Financial Liabilities				
Trade & Other Payables	391,368	391,368	420,541	420,541
Interest Bearing Liabilities	394,733	394,733	742,694	742,694
Other Financial Liabilities	753,757	753,757	1,100,166	1,100,166
Total Financial Liabilities	1,539,858	1,539,858	2,263,401	2,263,401

BOWLS PRESIDENT REPORT

Andy Brumby



It gives me great pleasure to present this first annual report of our new amalgamated bowls club.

While many things haven't changed a great deal, there have been changes *where* we have taken the option - tread carefully and lightly, hoping that our ideas or aims are the right option.

I believe the sub-committees and members will vary in their views as to how successful the 1st. year has been, saying that many positives have emerged throughout the year, such as - the Strategic Planning for our Bowls Club over the next 5 to 10 years, the Favorable decision regarding "B" Green replacement into a Tiff Dwarf Grass Green as soon as possible, also some options as to how we may be able to help finance the repayments in the next 10 years or so. Another great result this year was the win in mid-week pennant, this may need a little fine tuning to please more bowlers, but the result was excellent.

The Ladies started the year with their Coffee Party and Fashion Parade exceeding the previous year's takings and having a very successful day overall.

I would like to thank all those Lady Bowlers who help run the indoor bowls and provide an enjoyable day for those who attend. I would also like to inform you all that in this coming season you will enjoy playing on new mats purchased recently.

Our Opening Day again included our Legacy Day which raised almost \$1200 for Legacy. We thank our Life Members for their sponsorship. One would hope this Day continues seeing how successful it has been over many years.

Another year's enjoyment was had when we hosted Buninyong BC. and we visited CITY Oval BC. in a return for their continued visits here over many years, the bus trip was also good. [One still notices the back entrance hasn't been repaired yet where the bus hit it.]

Numbers have declined in our Ladies events to a point where a decision has to be made if we can continue with such low numbers. Thanks to all competitors and congratulations to all winners and runners- up.

To the men; numbers in events were excellent, but the number of events are minimum compared to the ladies 5 to 10]. The answer may be combining numbers in club events, eg fours/ triples/pairs.] Have you any ideas? Let them be heard if you have.

To the members who have won Regional events well done and those who are into the last 16 state finalists, our best wishes and members what about going over to Bendigo and supporting our players.

To our Pennant winners, Mid-Week Tartans, Week-end Tartans and Whites, congratulations and to the two Tartan sides you did yourselves and our Club proud in the Regional Pennant Championships, both finishing second.

A number of members (both Ladies/ Men) have expressed the view that under amalgamation information isn't always getting out to them, with the Ladies suggesting they meet monthly to be kept informed. This is a problem that needs addressing and I am sure there is a way to overcome this problem without going backwards.

Though out the year our club has run a number of Tournaments like Invitation Days, Monster Triples, Jackpot Triples and a new one Em & Heather Weston who donated a large amount for a Mixed Fours event which we decided to run over a two year period, the final one before the AGM will be the Open Easter Pairs. We as a club support many other clubs in their Tournaments, but we don't receive the same support from them, have you any idea how we may change this trend?

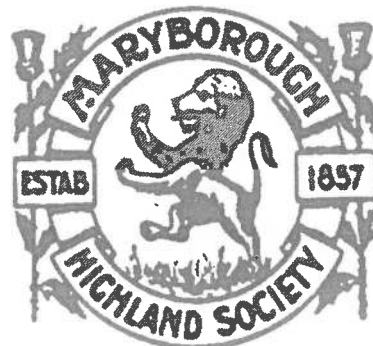
We have a number of Sub-committees, some with the recommended numbers and many without the required male representatives, thus leaving the work load to others and in many cases members who are already doing another job. PLEASE everyone wants a successful club and the only way is for all to pull their weight. To the many members who put their hands up and did the required work, thank you very much. These groups being Greens Comm./ Ladies & Men's Match-Tournament Comm. / Catering Comm./ Welfare / Media/ Selectors Mid-week & Saturday, also members who have filled an important role looking after - School/ Social and Fun groups throughout the year and to the Ladies who over the year made the Saturday Pennant / Monthly Jackpot Triples sandwiches for all players saving around \$3000, others who have helped out in any way a big thank you.

There are people who I must thank personally, Dennis our Secretary for the work above and beyond his duties. Gordon Leyton who has taken on the selling of the cards each week and his helpers raising in excess of \$4000. Rhonda for filling my roll and keeping the Board in touch with the Ladies issues. To the other Board Members, John, Tilleke and Shirley who have all filled their rolls to help out you the members.

As I vacate this position I thank all for their support and friendship over the years and I wish all the New Board and Sub- Committees the very best in their rolls helping out this Great Club and its members.

Thanks to all.

Andrew Brumby.



SPORT'S SECRETARY

REPORT

Nick Weaver



Well, being asked in 2016 to become the new Sports Secretary for the Highland Gathering for 2017 was an easy answer and "of course" was the answer. Knowing it would be a challenge and a great experience for me I knew that I had a great support crew with our committee and our volunteers this was going to be great and something very special.

As usual the day began with our highly anticipated street parade and with both sides of the main street filled with kids, parents and grandparents it was full of excitement as they were entertained by both Pipe and Brass Band displays, Highland Dancers, Castlemaine Hot Rodders, Melbourne Bewick Car Club, Vintage Fire Trucks and of course a crowd favorite Pockets the Clown and his entourage.

As the parade came to an end everyone made their way to Princes Park for a great day of Athletics and entertainment. Once again there was an issue with the line up at the gate and again we look at that, but it's good to see the gate people are ensuring everyone is paying to get in, with this in mind some people were still just walking through as I was informed in the days after.

On entering Princes Park it was a buzz of excitement and anticipation to see how everything had come together and it didn't disappoint. Entertainment everywhere you looked we had the Animal Zoo and Mechanical Bull which were a hit with kids, the Blow Up Pub was a crowd pleaser and our Carnival crew were out in force. We also introduced local wineries, Scottish food stalls and our 9 Clan Tents were all kept busy.

Previous years we have always been trying to improve and talk with our Scottish Dancers and this year was a huge success on both sides. The dancers were excited to be on the lawn area and parking was nice and close, but to both parties we couldn't believe the following and the crowd they were drawing, so again next year we will need to position the stands with a larger grassed area at the front for their onlookers. That area was a great position, hay bales great idea and maybe some more shade needed.

Our athletics program was once again well supported with nearly 500 athletes and speaking with VAL on the day some changes will need to be made to bring it in line to finish 5 to 5.30, which I certainly agree with. The Max Martin Gift was again a great event and a wonderful touch to see his son and grandchildren present the winner's trophy.

The highlight of the day would have to be the Girl on the Drum and Scottish Dancers, this was my first Highland Gathering I've been involved where I've seen it from start to finish and WOW it was spectacular. To Gary Rogan and his crew a job well done. Our Pipe and Brass Bands continue to perform well and are great to watch, but unfortunately our band numbers were down on last year due to band numbers and timing. The Strongman Events continue to be a crowd pleaser and again the crowd got right behind them from the Grandstand to the onlookers.

With a perfect day of around 26 degrees our crowd was one of the best in years and with gate takings up they were again entertained to an awesome Fireworks Display and Band to which I heard weeks after the event and didn't cost us millions like Melbourne or Sydney. I would also like to mention that we had some fantastic media coverage this year both TV, Facebook, and the papers especially making the front page of the AGE. Not to mention Harold Hubble for entertaining our lovely reporter from the AGE for the day too.

So to conclude my report I would like to take this opportunity to thank Dennis Turner and Glen Hooper for all their guidance, support and mentoring during this time, to our wonderful committee, our Board Members and to the fantastic volunteers of whom are members and community groups thank you for all your support and commitment and dedication to a wonderful 2017 Maryborough Highland Gathering.

Let the Games begin for 2018.

Highland Gathering Sports Secretary

Nick Weaver



