WARRINGAH RUGBY CLUB 2017 FINANCIAL REVIEW

WARRINGAH RUGBY CLUB PTY LTD

Letter of Engagement

Tony Chirillo
Mob 0412 652 559
FREEMAN & CHIRILLO - Chartered Accountants & Business Consultants
1A Sydenham Road, Brookvale, PO Box 7380,

Warringah Mall NSW 2100.
Telephone (02) 9938 6999
Fax (02) 9938 6364
Email: tony@freemanchirillo.com.au

Dear Tony Chirillo,

This representation letter is provided in connection with your review of the financial report of Warringah Rugby Club Limited for the year ended 30 September 2017, for the purpose of expressing an opinion as to whether the financial report is presented fairly, in all material respects, in accordance with the relevant Australian accounting and the Corporations Act 2001. We confirm, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves, the following representations made to you during your review: Financial report

- We have fulfilled our responsibilities, as set out in the terms of the review engagement, for the preparation of the financial report in accordance with Australian Accounting Standards as per note in the financial report ; in particular the financial report presents a true and fair view in accordance therewith.
- We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- Any related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards.
- All events subsequent to the date of the financial report and for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report as a whole. A list of the uncorrected misstatements is attached to the representation letter.

Information provided We have provided you with:

a) Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters.
b) All requested information, explanations and assistance for the purposes of the review.
c) Unrestricted access to persons within the Company from whom you determined it necessary to obtain review evidence.

All transactions have been recorded in the accounting records and are reflected in the financial report. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial report; and accounted for and disclosed in accordance with the applicable financial reporting framework. General We have no plans or intentions that may materially affect the carrying values or classification of assets and liabilities. The Company has satisfactory title to all assets, and there are no liens or encumbrances on such assets nor have any assets been pledged as collateral that have not been disclosed in the financial report. There have been no known instances of non-compliance or suspected non-compliance with laws and regulations or contractual agreements whose effects should be considered in preparing the financial report.

Fraud We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and confirm we have disclosed to you:

a) The results of our assessment of the risk that the financial report may be materially misstated as a result of fraud
b) All information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
I. Management
ii. Employees who have significant roles in internal controls or
iii. Others where the fraud could have a material effect in the financial report.
c) All information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated to us by employees, former employees, analysts, regulators or other commitments.

- There were no material commitments for goods or services at year end, other than those disclosed in the financial report. Impairment of assets
- We have considered the requirements of AASB 136 Impairment of assets when assessing the carrying values of assets and in ensuring that no assets within the scope of AASB 136 are stated in excess of their recoverable amount. Liabilities
- There are no financial guarantee contracts in place to third parties which could be called upon in the event of a default, other than those disclosed in the financial report. Inventory
- We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
- Provision has been made for material losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.

Property, plant and equipment • Rates of depreciation, applied to reduce book values of individual assets to their estimated residual values, reflect the probable useful lives of those assets to the Company.

• Allowances for depreciation have been adjusted for all significant items of property, plant and equipment that have been abandoned or are otherwise unusable.
• The Company has no 'make good' obligations in respect of its property, plant and equipment for which it would be required to make a restorative provision under AASB 137 Provisions, contingent liabilities and contingent assets which have not been included in the financial report. Taxation
• Adequate amounts have been accrued for all local and foreign taxes on income including amounts applicable to prior years not finally settled and paid.
• Deferred tax assets in relation to tax losses have not been brought to account as it is not probable that they will be realised. Electronic presentation of financial report
• With respect to presentation of the financial report on our website, we acknowledge that:
a) We are responsible for the electronic presentation of the financial report
b) We will ensure that the electronic version of the reviewed financial report and the review report on the website will be identical to the final signed hard copy version
c) We will clearly differentiate between reviewed and unreviewed information in the construction of the entity's website as we understand the risk of potential misrepresentation
d) we have assessed the controls over the security and integrity of the data on the website and confirmed that adequate procedures are in place to ensure the integrity of the information presented and
e) We will not present the reviewer's report on the full financial report with extracts only of the full financial report.

Stephen Rubie - WRC Treasurer
[Director]

WARRINGAH RUGBY CLUB LIMITED

TABLE OF CONTENTS FOR FINANCIAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

WARRINGAH RUGBY CLUB LIMITED
DIRECTORS' REPORT

Your Directors are pleased to present their report on the financial performance of the WARRINGAH RUGBY CLUB LIMITED for the twelve months ended 30 September 2017.
DIRECTORS:
The names of each person who has been a Director during the year and to the date of this report are listed below:

Philip Parsons (President)	Greg Gerrard (Secretary)
Eddie Edmonds (Vice President)	Stephen Rubie (Treasurer)
Erin Morton	Sean Quilter
Wayne Condon	Tom Riley
Mike Sheerin	John Maher
Ben Adams	Sue Barry Cotter
Philip Jackson	

COMPANY SECRETARY
Mr Greg Gerrard held the position of Company Secretary at the end of the financial year. He has over 30 years' experience in Rugby Union.

OPERATING RESULTS
The profit for the Financial Year ended 30 September 2017 after Depreciation was $94,882.27

OBJECTIVES
Short term: Assist generally in the promotion and propagation of the game of Rugby Union football.
Long term: To sustain the Club 's position to ensure its long term strategy of promoting and supporting the game of Rugby Union football within the Northern Beaches, Sydney and Australia.

STRATEGY FOR ACHIEVING THE OBJECTIVES
The principal strategies of the Club include:

Maximising advantage from marketing opportunities;
Offering a broad range of sporting/ entertainment offerings; and
Maintaining high customer service standards.

PRINCIPAL ACTIVITIES
The principal activity of the Club (a not for profit entity) in the course of the period was to provide the services and amenities and support and the propagation of the game of Rugby Union football. There were no significant changes in the nature of these activities during the period.

PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS (KPI'S)

Performance is measured by comparing current Income and Expenditure figures to prior year figures and budget figures on a regular basis. KPI's include but are not limited to Net Profit Retention, Profit before Depreciation and Amortisation, Current benchmarks within the Rugby Union football Club sport are also used.

SIGNIFICANT CHANGES

There have been no significant changes in the state of affairs of the Club during the twelve months ended 30th September 2017.

MEMBERSHIP AND CONTRIBUTION TO WINDING UP
The Club is a Company Limited by Guarantee and is incorporated under the Corporations Act 2001.
If the entity is wound up, the constitution states that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the entity.

The total amount that the members of the entity are liable to contribute if the entity is wound up is $12,740) The number of Members as at 30th September 2017 is 637 (2016 - 516) an increase of 121.

AUDITOR'S INDEPENDENCE DECLARATION
The Auditor's Independence Declaration for the year ended 30th September 2017 as required under Section 307C of the Corporations Act 2001 has been received and is in the Financial Report.

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

Director:

Director:

Dated: 16th November 2017

Warringah Rugby Club Ltd
ABN 57 000 497 398
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the the Year Ended 30th September 2017

	2017 $	2016 $
REVENUE		
INCOME		
Sponsorship	289,363.54	216,075.46
Sponsorship Contra	-	6,608.00
Registrations	49,116.34	38,028.62
Memberships	27,172.73	16,827.26
NRC/ARU/Donations	350.00	2,727.27
Functions/Events/Clinics	83,138.67	73,062.09
Game Day	377,066.17	254,678.94
Tournament Winnings	20,818.18	19,150.00
Pittwater Council	9,090.91	13,585.00
Merchandise	38,321.50	8,575.03
Other Income	14,052.27	3,818.18
Interest Income	76.62	-
Total INCOME	908,566.93	653,135.85
Total Cost Of Sales	-	-
Gross Profit	908,566.93	653,135.85
Less EXPENSES		
ADMIN EXPENSES		
Bank Fees	398.70	480.89
PayPal Fees	3,214.68	1,013.87
CBA Merchant Fees	1,405.34	833.24
(T) Commbiz Fees	60.00	60.00
Interest Expense	0.06	-
Contractors	133,664.45	131,349.75
Rent	28,420.71	38,003.51
General Admin	2,840.18	2,469.64
Reviewers fee	5,500.00	-
Telephone/Internet	1,629.94	3,613.26
Foxtel	5,028.00	4,884.00
Discounts Given to Club	- 1,330.00	-
Total ADMIN EXPENSES	180,832.06	182,708.16
CLUB OPERATIONS		
Advertising & Marketing	3,293.64	4,772.89
Website	8,080.00	600.91
Signage	1,815.00	-
Security	2,288.56	1,345.57
Sponsorship Expenses	22,622.99	-
Sponsorship Contra Costs	-	8,150.73
Other Club Expenses	36,511.53	22,491.36
Functions & Events	60,390.36	15,865.49
Merchandise & Apparel	26,541.58	12,621.05
Physio/Medical	8,184.55	5,615.00
Total CLUB OPERATIONS	169,728.21	71,463.00
RUGBY EXPENSES		
Game Videos	8,831.56	5,250.00
Laundry	3,810.00	5,765.00
Player Payments	52,532.83	27,203.00
Coaching/Development	102,886.36	70,110.00
Uniforms	40,608.14	36,881.63
Insurance	14,525.49	12,406.43
Equipment	-	3,856.82
Strapping Tape	18,509.47	11,641.63
Player Tournaments	15,179.19	5,830.01
Player Vitamins/Suppliments	-	1,203.02
Other Rugby Expenses	31,689.23	4,545.45

Total RUGBY EXPENSES	288,572.27	184,692.99
Depreciation Expenses		
Depreciation	5,848.25	-
Total Depreciation Expenses	5,848.25	-
GAME DAY		
Beverage	113,859.25	65,771.00
Food	26,240.78	38,186.17
Game Day Other	7,208.84	32,458.06
Staffing	2,795.00	17,682.50
Entertainment	15,400.00	10,918.18
Cleaning	3,200.00	330.00
Total GAME DAY	168,703.87	165,345.91
Total TOTAL EXPENSES	813,684.66	604,210.06
Operating Profit	94,882.27	48,925.79
OTHER INCOME		
Interest Income	-	200.44
Total OTHER INCOME	-	200.44
OTHER EXPENSES		
Interest Expense	-	1.14
Total OTHER EXPENSES	-	1.14
PROFIT FOR THE YEAR	94,882.27	49,125.09
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	94,882.27	49,125.09
TOTAL COMPREHENSIVE INCOME ARIBUTABLE TO MEMBERS	**94,882.27**	**49,125.09**

Retrospective adjustments and retrospective restatements are not changes in equity but they are adjustments to the opening balance of retained earnings due to corrections of errors in regard to write off of the North Harbour Rays Trust Acc $50,000.00 prior years in 2017

Warringah Rugby Club Ltd
ABN 57 000 497 398
STATEMENT OF FINANCIAL POSITION
As of 30 September 2017

ASSETS	**$**	**$**
Current Assets		
Bank Accounts		
Greater Cheque #3456	89,539.92	29,624.74
CBA #9240	33,590.63	5,650.45
Greater F&B #7713	20,131.75	4,914.19
Greater Welfare #5480	5,001.76	7,195.68
Greater Visa Debit #7494	117.37	19.47
PayPal	227.54	872.58
Till Money (to be returned)	7,000.00	2,800.00
Total Bank Accounts	155,608.97	51,077.11
Other Current Assets		
Accounts Receivable	47,285.00	37,751.35
Prepaid Player Insurance	6,500.08	5,645.88
Stock on Hand	9,077.34	1,260.00
Total Other Current Assets	62,862.42	44,657.23
	218,471.39	95,734.34
Non-Current Assets		
North Harbour Rays Trust Acc Write off	-	50,000.00
Plant & Equipment at Cost		
Training Equipment at cost	50,966.22	49,966.22
Signage at cost	35,755.54	35,755.54
Office Equipment At Cost	7,922.72	7,922.72
Club Assets at cost	8,591.06	8,591.06
Total Plant & Equipment at cost	103,235.54	102,235.54
Less Accum. Depreciation	- 70,095.46	- 64,247.21
Plant & Equipment at Cost	33,140.08	37,988.33
		87,988.33
Total ASSETS	251,611.47	183,722.67
LIABILITIES		
Current Liabilities		
GST Liabilities		
ATO GST Liability	21,176.64	1,174.23
Total GST Liabilities	21,176.64	1,174.23
Other Current Liabilities		
Accounts Payable	1,666.62	9,162.50
Accrued Expenses	10,500.00	-
Total Other Current Liabilities	12,166.62	9,162.50
Total Current Liabilities	33,343.26	10,336.73
Total LIABILITIES	33,343.26	10,336.73
Net Assets	**218,268.21**	**173,385.94**
EQUITY		
Retained Earnings Balance 30 September 2016	173,385.94	124,260.85
Retrospective adjustments and retrospective restatements are not changes in equity but they are adjustments to the opening balance of retained earnings due to corrections of errors in regard to write off of the North Harbour Rays Trust Acc $50,000.00 prior years	- 50,000.00	
Retained Earnings adjustment/restatement Balance 30.9.2016	123,385.94	
Current Year Surplus/Deficit	94,882.27	49,125.09
Total EQUITY	**218,268.21**	**173,385.94**

Warringah Rugby Club Ltd
ABN 57 000 497 398

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017	2016
	$	$
Cash Flows From Operating Activities		
Receipts from Customers and Others	1,034,591.35	634,763.87
Payments to Suppliers & Constractors	- 934,984.36	- 613,371.42
Interest Received	76.62	200.44
Finance Costs and Interest Paid		- 1.14
Net Cash Generated from Operating Activities	99,683.61	21,591.75
Cash Flows from Investing Activities		
Proceeds from Sale of Property, Plant & Equipment		
Payment for Property, Plant, Marina & Equipment	- 1,000.00	
Net cash used in Investing Activities	5,848.25	
	4,848.25	
Cash Flows from Financing Activities		
Net cash generated from (used in) from Financing Activities	-	
Net increase (decrease) Cash Held	$104,531.86	21,591.75
Cash and Cash Equivilents at the Beginning of Financial Year	$51,077.11	29,485.36
Cash and Cash Equivilents at the End of Financial Year	**$155,608.97**	**51,077.11**

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2017	2016
Profit after Income Tax	94,882.27	49,125.09
Depreciation and Amortisation		
Change in Assets and Liabilities		
(Increase) decrease in Inventories	- 7,817.34	-
(Decrease)/Increase in Prior Period Adjustments	9,332.16	180.00
(Increase)/Decrease in Accounts Receivable	- 9,533.65	- 33,156.35
(Increase)/Decrease in Prepayments	- 854.20	- 745.88
Increase/(Decrease) in Accounts Payable	- 7,495.88	9,162.50
Increase/(Decrease) in Accrued Expenses	10,500.00	
Increase/(Decrease) inNorth Harbour Trust Acc Accrued Expenses		- 10,000.00
(Decrease)/Increase in GST Payable	10670.25	7,026.39
Cash Flows by Operating Activities	99,683.61	21,591.75

Reconciliation of Cash and Cash Equivalents

Cash and Cash Equivalents at the end of the Financial Year as shown in the Statement of Cash Flows

	2017	2016
Bank Accounts		
Total Bank Accounts	155,608.97	51077.11

Warringah Rugby Club Ltd
ABN 57 000 497 398

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

	Note	Retained Earnings	Total
		$	$
Balance at 30 September 2015		**124,260.85**	**124,260.85**
Total Comprehensive Income For The Year			
Profit attributable members of the entity		49,125.09	49,125.09
Other Comprehensive Income			
Total Comprehensive Income for the Year		**49,125.09**	**49,125.09**
Balance at 30 September 2016 (Retained Earnings Pre- Adjustment)	Note (a)	**173,385.94**	**173,385.94**
Retrospective adjustments and retrospective restatements are not changes in equity but they are adjustments to the opening balance of retained earnings due to corrections of errors in regard to write off of the North Harbour Rays Trust Acc $50,000.00 prior years	Note (a)	- **50,000.00**	- **50,000.00**
Balance at 30 September 2016 (Retained Earnings Post- Adjustment)	Note (a)	**123,385.94**	**123,385.94**
Total Comprehensive Income For The Year			
Profit attributable members of the entity		94,882.27	94,882.27
Other Comprehensive Income		-	
Total Comprehensive Income for the Year		**94,882.27**	**94,882.27**
Balance at 30 September 2017		**218,268.21**	**218,268.21**

Note (a)
Retained earnings include all current and prior period retained profits and adjustments thereto regarding the retrospective adjustment and retrospective restatement for the write off of the North Harbour Rays Trust Acc $50,000.00 prior years it is noted that they are not changes in equity but they are adjustments to the opening balance of retained earnings due to corrections of errors in regard to write off of the North Harbour Rays Trust Acc $50,000.00 prior years.
Adjustment was made to the Balance at 30 September 2016 Retained Earnings Pre Adjustment $173,385.94 and Post- Adjustment $123,385.94 as disclosed above in the Statement of Changes In Equity retained earning line in that statement. This adjusted figure then forms part of the Retained Earning in the Statement of Financial Position at 30 September 2017.

Note 1 - Statement of significant accounting policies

The Financial Report is for the Warringah Rugby Club Limited as an individual Entity, "the Entity" incorporated and domiciled in Australia. The Warringah Rugby Club Limited is a Company limited by guarantee. The Entity's principal place of business and the registered office of the company is 1472 Pittwater Rd, North Narrabeen NSW 2101.

Basis of Preparation
The Entity applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The Financial Statements are general purpose Financial Statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in Financial Statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these Financial Statements are presented below and have been consistently applied unless otherwise stated.

The Financial Statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.
The Financial Statements were authorised for issue on 16 November 2017 by the Directors of the Entity.

Accounting Policies

a) Revenue:

Grant revenue is recognised in the statement of Profit or Loss when the Entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Entity and the amount of the grant can be measured reliably.
If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.
When grant revenue is received whereby the Entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

The Entity receives non-reciprocal contributions of assets from the government and other parties for zero or nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss.

Membership subscriptions are recognised evenly over the current financial year ended on a straight line basis.

Donations and bequests are recognised as revenue when received. The directors note that receipts from cash donations and other cash fundraising activities are a significant source of revenue for the **Warringah Rugby Club Limited**. The directors of **Warringah Rugby Club Limited** have determined that it is impracticable to establish control over the collection of donations and other fundraising activity revenue prior to entry in its financial records. Revenue from donations and other fundraising activity revenue have been restricted to records only the amounts recorded in the financial records.
Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

Operating expenses
Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

b) Inventories:

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.
Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

c) Property, Plant & Equipment:

Each class of Property, Plant and Equipment is carried at cost or fair value as indicated, less where applicable, accumulated depreciation and impairment losses.

Plant and Equipment
Plant and Equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any

event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in the profit or loss or as a revaluation decrease if the impairment losses relate to a re-valued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer note (1f) for details of impairment).

Plant and Equipment that have been contributed at no cost or for nominal cost by a Member or the public are recognised at the fair value of the asset at the date it was acquired

Depreciation:

The depreciable amount of all fixed assets including buildings, capitalised lease assets and licensed assets, but excluding freehold land, is depreciated on a diminishing value and or straight line basis over the asset's useful life to the Entity 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: Class

of Fixed Asset	Depreciation Rate
Plant & Equipment	15 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss in the period in which they arise. When re-valued assets are sold, amounts included in the revaluation reserve/surplus relating to that asset are transferred to retained earnings.

d) **Leases:**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Entity are classified as Finance Leases, Finance Leases are capitalised, recognising an asset and liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e) **Financial Instruments:**

Initial Recognition Measurement

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions to the instrument. For financial assets this is equivalent to the date that the Entity commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "as fair value through profit or loss" in which case transaction costs are recognised immediately as expense in profit or loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value (refer to Note 1(q)) and amortised using the effective interest rate method or cost. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method. The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense in profit or loss.

Classification and Subsequent Measurement:

i) **Financial assets at fair value through profit or loss**

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designed as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains and losses are recognised in profit and loss through the amortisation process and when the financial asset is derecognised.

iii) **Held-to-maturity Investments**

Held-to maturity investments are non-derivative financial assets that have maturities and fixed or determinable measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

iv) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit and loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter bankruptcy or other financial reorganisation, and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of the financial assets that would otherwise have been past due or impaired have been renegotiated, the entity recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, or cancelled or have expired. The difference between the carrying amount of the financial liability which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

f) Impairment of Assets:

At the end of each reporting period, the Entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit and loss, unless the asset is carried at a re-valued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a re-valued asset is treated as a revaluation decrease in accordance with that other Standard. Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the class of asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

g) Employee Benefits:
Short-Term Employee Benefits &
Retirement Benefit Obligations

No provision is made for the Entity's obligation for short-term or long-term employee benefits, since the directors have determined that it has no employees and hence there are no employee benefits that are expected to be settled at a future date. The directors have also reviewed including their superannuation obligations and any entitlements that any subcontractors may be entitled and have written acknowledgment from all contractors that they are that they bona fida contractors and not deemed employees. The Entity's have mainly contracts with someone other than the person who does actually provide the labour that is for example, with a company, trust or a partnership and the directors have determined that the entity does not have to pay those contractors any super.

h) 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 three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i) Goods & 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 Tax Office (ATO).

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

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

j) **Income Tax:**
The directors of the Entity note that income tax is on a self-assess basis and they are of the view that they have income tax exemption status and confirm that each year by a resolution that the entity is entitled to be an income tax exempt for the current reporting financial year given its sporting nature. The directors of the entity acknowledge it is exempt from income tax it has self assessed its exemption in the current year of income and it is a **non-profit** (NFP) club; it is established for the encouragement of a game or sport, and it complies with all the substantive requirements in its governing rules, and it operate only in a manner consistent with its rules of core importance to its operation, including those related to its object and purpose and those relating to its NFP status.

k) **Intangibles – Software:**
Software is initially recognised at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses.

l) **Provisions:**
Provisions are recognised when the Entity 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 the end of the reporting date.

m) **Comparative Figures:**
When required by Accounting Standards comparative figures have been adjusted to conform with changes in the presentation for the current financial year. Also Accounting Standards AASB 101 requires a complete set of financial statements including comparative figures, and they are to be included and provided in the presentation for the current financial year, however it was noted that the prior year comparative have been provided however they not previously reviewed as required, hence a qualification is provided by the reviewer of the financial report for this matter. Also comparative figures are impacted as disclosed in Note 8 regarding Equity and reserves, retrospective adjustment and retrospective restatement for the write off of the North Harbour Rays Trust Acc $50,000.00 prior years it is noted that they are not changes in equity but they are adjustments to the opening balance of retained earnings due to corrections of errors in regard to write off of the North Harbour Rays Trust Acc $50,000.00 prior years. Adjustment was made to the Balance at 30 September 2016 Retained Earnings Pre Adjustment $173,385.94 and Post- Adjustment $123,385.94 as disclosed in the Statement of Changes in Equity retained earning line in that statement. This adjusted figure then forms part of the total Retained Earning in the Statement of Financial Position at 30 September 2017.

n) **Trade and Other Payables:**
Trade and other payables represent the liabilities for goods and services received by the Entity during the reporting period which remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

o) **Critical Accounting Estimates and Judgments:**
The Directors evaluate estimates and judgments incorporated into the financial statement 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 Entity.

p) **Key Estimates Impairment:**
The Key estimates - impairment of property, plant and equipment. The Entity assesses impairment at the end of each reporting period by evaluating conditions specific to it that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions, and the directors believe the carrying value of all the property, plant and equipment correctly reflects the fair value.
Key judgments - impairment of receivables- The entity assesses impairment of receivables by considering the ageing of receivables, communication with the debtors and prior history. As at year end, no provision for impairment of receivables has been recorded.

q) **Fair Value of Assets and Liabilities**
The Entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. "Fair Value is the price the Entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.
As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to make values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.
To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity to the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the Entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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

The fair value of liabilities and the Entity's own equity instruments (if any) may be valued, where there is no observable market in price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

r) Going concern

The financial statements have been prepared on the going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Directors are confident that the Club will be able to continue as a going concern.

s) Authorisation of Financial Report:
The financial report was authorised for issue on 16 November 2017 by the Directors. The Directors have the power to amend the financial report after issue.

Note 2 - Property, plant and equipment

Plant & Equipment at Cost		
Training Equipment at cost	$ 50,966.22	$ 49,966.22
Signage at cost	$ 35,755.54	$ 35,755.54
Office Equipment At Cost	$ 7,922.72	$ 7,922.72
Club Assets at cost	$ 8,591.06	$ 8,591.06
Total Plant & Equipment at cost	$ 103,235.54	$ 102,235.54
Less Accum. Depreciation	-$ 70,095.46	-$ 64,247.21
Total Non-Current Assets	$ 33,140.08	$ 37,988.33

	Plant, Office Club Equipment
Balance at the beginning of year	$ 37,988.33
Additions	$ 1,000.00
Depreciation	-$ 5,848.25
Balance at 30 September 2017	$ 33,140.08

Movements in carrying amounts of property, plant and equipment
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:
The Directors have reviewed the assumptions adopted in the 2017 valuation and carrying amounts of property, plant and equipment and believe that the carrying value of theses assets correctly reflects the fair value at 30 September 2017.

Fair value hierarchy
AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy the directors consider that the carrying value of theses assets correctly reflects the fair value at 30 September 2017.

Note 3 - FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Objectives and Policies

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and leases.

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

	2017	2016
	$	$
FINANCIAL ASSETS		
Cash and Cash Equivalents	155,609	51,077
Receivables -Trade	47,285	37,751
Receivables - Other	6,500	5,646

Freeman & Chirillo

Chartered Accountants & Business Consultants

Associated with BDO in New South Wales

Liability limited by a scheme approved under Professional Standards Legislation

A. Chirillo B.Bus (Acc), FTPA (TAX), TA, LREA, FCA
1A Sydenham Road, Brookvale; P.O. Box7380, Warringah Mall, BROOKVALE NSW 2100
Telephone (02) 9938 6999 Fax (02) 9938 6364
Email: tony@freemanchirillo.com.au
Website: www.freemanchirillo.com.au

17.11.2017

Treasurer/ Director of Warringah Rugby Club Limited
ABN 57 000 497 398
1472 Pittwater Rd,
North Narrabeen NSW 2101

Dear Mr Steve Rubie

Management Letter for Review of financial report of Warringah Rugby Club Limited

We are pleased to report that we have completed our review the financial report of Warringah Rugby Club Limited for the year ended 30 September 2017, as per our engagement letter dated 2.11.2017.

We confirm that during our review, we have maintained our professional independence requirements and complied with the provisions of the *Corporations Act 2001*.

In the spirit of this confirmation, we have prepared the following comments in this management letter so as to enable you to have a clear understanding of your requested review.

Essentially as previously noted the scope of our review of your financial report is substantially less than the scope of an audit conducted in accordance with auditing standards the objective of which is the expression of an opinion regarding the financial report. Our review report has been modified based on work performed, which it has been as discussed and communicated to the directors, and noted in the Financial Report for Year Ended 30 September 2017.

As previously advised the directors of the company are responsible for the preparation of the annual financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error, and the directors are responsible for the financial reports and has determined that the accounting policies used are consistent with the financial reporting requirements. We note that due to the Company's size and management there were not extensive internal control and our review cannot be expected to disclose every weakness.

In our review of the financial report of Warringah Rugby Club Limited for the year ended 30 September 2017, we have noted certain matters that have been disclosed in your of the financial report and have also been noted in our independent review report to the members. We note that your financial report that we reviewed comprises of the following; the statement of financial position as at 30 September 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

We note that in our Independent Review Report to the Members with the heading "Basis for qualified conclusion" we noted that receipts from cash donations and other cash fundraising activities are a significant source of revenue and the directors of Warringah Rugby Club Limited have determined that it is impracticable to establish control over the collection of donations and other fundraising activity revenue prior to entry in its financial records. Accordingly, as the evidence available to us about revenue from these sources was limited, our review procedures for donations and other fundraising activity revenue had to be

Freeman & Chirillo

Chartered Accountants & Business Consultants
Associated with BDO in New South Wales
Liability limited by a scheme approved under Professional Standards Legislation

A. Chirillo B.Bus (Acc), FTPA (TAX), TA, LREA, FCA
1A Sydenham Road, Brookvale; P.O. Box7380, Warringah Mall, BROOKVALE NSW 2100
Telephone (02) 9938 6999 Fax (02) 9938 6364
Email: tony@freemanchirillo.com.au
Website: www.freemanchirillo.com.au

17.11.2017

Treasurer/ Director of Warringah Rugby Club Limited
ABN 57 000 497 398
1472 Pittwater Rd,
North Narrabeen NSW 2101

Dear Mr Steve Rubie

Management Letter for Review of financial report of Warringah Rugby Club Limited

We are pleased to report that we have completed our review the financial report of Warringah Rugby Club Limited for the year ended 30 September 2017, as per our engagement letter dated 2.11.2017.

We confirm that during our review, we have maintained our professional independence requirements and complied with the provisions of the *Corporations Act 2001*.

In the spirit of this confirmation, we have prepared the following comments in this management letter so as to enable you to have a clear understanding of your requested review.

Essentially as previously noted the scope of our review of your financial report is substantially less than the scope of an audit conducted in accordance with auditing standards the objective of which is the expression of an opinion regarding the financial report. Our review report has been modified based on work performed, which it has been as discussed and communicated to the directors, and noted in the Financial Report for Year Ended 30 September 2017.

As previously advised the directors of the company are responsible for the preparation of the annual financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error, and the directors are responsible for the financial reports and has determined that the accounting policies used are consistent with the financial reporting requirements. We note that due to the Company's size and management there were not extensive internal control and our review cannot be expected to disclose every weakness.

In our review of the financial report of Warringah Rugby Club Limited for the year ended 30 September 2017, we have noted certain matters that have been disclosed in your of the financial report and have also been noted in our independent review report to the members. We note that your financial report that we reviewed comprises of the following; the statement of financial position as at 30 September 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

We note that in our Independent Review Report to the Members with the heading "Basis for qualified conclusion" we noted that receipts from cash donations and other cash fundraising activities are a significant source of revenue and the directors of Warringah Rugby Club Limited have determined that it is impracticable to establish control over the collection of donations and other fundraising activity revenue prior to entry in its financial records. Accordingly, as the evidence available to us about revenue from these sources was limited, our review procedures for donations and other fundraising activity revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion on whether cash donations and other cash fundraising activity revenue obtained by the **Warringah Rugby Club Limited** are complete.

We further noted that in our report in resulted in a Qualified Conclusion paragraph, which was based on our review and discussion with the directors, and we noted that it was not an audit, we also noted that we a re unable to express an opinion on whether cash donations and other cash fundraising activity revenue obtained by the **Warringah Rugby Club Limited** are complete. Further we note the non compliance of Accounting Standards AASB 101 which requires the directors to prepare complete set of financial statements including comparative figures, they are to be included and provided in the presentation for the current financial year, also it has been noted that the prior year comparative have not been provided nor were they reviewed nor audited as required, hence a qualification was regrettably required in regard to this matter, which is hopefully not be the case next financial year end.

Other matters of note are as follows;

- In regard to **Contingencies,** in the notes to the accounts - Contingent Liabilities and Contingent assets, it was stated that there may be contingent assets or contingent liabilities at a future date since this company is a member of another Company whose name is North Harbour Rays Limited which is a not-for-profit entity is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. North Harbour Rays Limited has a members' agreement, which was signed on 22 May 2014 and it has four members parties, being as follows; (1) Gordon Rugby Football Club Limited ABN 37 068 508 565; (2) Manly Rugby Union Club Limited ABN 66 000 157 595; (3) Northern Suburbs Rugby Football Club Limited ABN 99 000 120 829; (4) Warringah Rugby Football Club Limited ABN 57 000 497 398. All of these four members are or shall be members of the Company and their respective liability shall be limited by guarantee under the Constitution of North Harbour Rays Limited. It was further noted that in the last audited accounts of North Harbour Rays Limited as at 31 December 2016 in the financial report Note 14 (heading) Members Guarantee it was stated "... that if the Company is wound up each member is required to contribute 25% each towards meeting any outstanding obligations of the entity. At 31 December 2016, the total amount that members of the Company are liable to contribute if the Company wound up is $0 (2015: $0)."

- In regard to Retrospective adjustments and retrospective restatements it was noted that they are not changes in equity but they are adjustments to the opening balance of retained earnings due to corrections of errors in regard to write off of the North Harbour Rays Trust Acc $50,000.00 prior years. Adjustment was made to the Balance at 30 September 2016 Retained Earnings Pre Adjustment $173,385.94 and Post- Adjustment $123,385.94 as disclosed in the Statement of Changes In Equity which then flows into retained Earning in the balance sheet.

Conclusionn

We are pleased to note that we have not had any unresolved disagreements with management about matters that individually or in aggregate could be significant to the financial report. Furthermore, management has not sought to influence our views on matters relevant to our opinion. We thank your directors and in particular your treasurer, your general manager & book keeper for their courtesy and co-operation that was given to us during our review. If you require any further details or information on any aspects of this report, please do not hesitate to contact us.

With kind regards

Anthony Chirillo,
B. Bus, FCA, Registered Company Auditor
Freeman & Chirillo Chartered Accountants & Business Consultants