

ACT Basketball Incorporated

A.B.N 11 936 731 929

Financial Statements

For the Year Ended 30 September 2018

ACT Basketball Incorporated

A.B.N 11 936 731 929

Contents

For the Year Ended 30 September 2018

	Page
Financial Statements	
Board's Report	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Statement by Members of the Board	17
Independent Audit Report	18

ACT Basketball Incorporated

A.B.N 11 936 731 929

**Board's Report
For the Year Ended 30 September 2018**

The board members submit the financial report of the Association for the financial year ended 30 September 2018.

Board members

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

Allan Yates	Chairperson
David Maplesden	Vice - Chairperson
Jocelyn Martin	Treasurer
John Solomon	Director
Brian Franklin	Director (Resigned 7 January 2019)
Kathryn Toohey	Director
Christine Higgsion	Director (Appointed July 2018; Resigned December 2018)

Principal activities

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

- To control, promote and encourage basketball in the Australian Capital Territory; and
- To be duly affiliated with BA Limited (trading as Basketball Australia).

Significant changes

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

Subsequent events

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the Association in subsequent financial years.

Operating result

The profit of the Association for the financial year after providing for income tax amounted to \$125,136 (2017: \$1,065,643)

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

Allan Yates:

Jocelyn Martin:

Chairperson

Treasurer

Dated this day of 2019

ACT Basketball Incorporated

A.B.N 11 936 731 929

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 September 2018**

		2018	2017
	Note	\$	\$
Revenue	4	3,266,278	2,938,160
Depreciation and amortisation expense	5	(102,566)	(84,692)
Development programmes		(1,366,614)	(1,207,613)
Facilities		(257,000)	(328,510)
National competitions		(952,635)	(762,304)
Administration expenses		(533,448)	(489,916)
Profit for the year		54,015	65,125
One off grant income- 3*3 development		71,121	1,000,518
Total comprehensive income for the year		125,136	1,065,643

The accompanying notes form part of these financial statements.

ACT Basketball Incorporated

A.B.N 11 936 731 929

Statement of Financial Position

As At 30 September 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	287,290	283,075
Trade and other receivables	7	228,897	912,025
Inventories	8	36,714	29,038
Other assets	9	164,679	123,109
TOTAL CURRENT ASSETS		717,580	1,347,247
NON-CURRENT ASSETS			
Property, plant and equipment	10	5,207,041	5,188,730
Intangible assets	11	764	2,756
Investments	12	82,063	80,657
TOTAL NON-CURRENT ASSETS		5,289,868	5,272,143
TOTAL ASSETS		6,007,448	6,619,390
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	333,955	386,438
Provisions	14	57,878	46,395
Other liabilities	15	292,010	1,010,160
TOTAL CURRENT LIABILITIES		683,843	1,442,993
NON-CURRENT LIABILITIES			
Provisions	14	56,939	34,867
TOTAL NON-CURRENT LIABILITIES		56,939	34,867
TOTAL LIABILITIES		740,782	1,477,860
NET ASSETS		5,266,666	5,141,530
EQUITY			
Asset revaluation reserve		1,846,319	1,846,319
Retained earnings		3,420,347	3,295,211
TOTAL EQUITY		5,266,666	5,141,530

The accompanying notes form part of these financial statements.

ACT Basketball Incorporated A.B.N 11 936 731 929

Statement of Changes in Equity

For the Year Ended 30 September 2018

2018

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 October 2017	3,295,211	1,846,319	5,141,530
Profit attributable to members	125,136	-	125,136
Balance at 30 September 2018	<u>3,420,347</u>	<u>1,846,319</u>	<u>5,266,666</u>

2017

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 October 2016	2,229,568	1,846,319	4,075,887
Profit attributable to members	1,065,643	-	1,065,643
Balance at 30 September 2017	<u>3,295,211</u>	<u>1,846,319</u>	<u>5,141,530</u>

The accompanying notes form part of these financial statements.

ACT Basketball Incorporated

A.B.N 11 936 731 929

Statement of Cash Flows For the Year Ended 30 September 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	3,554,433	3,880,147
Payments to suppliers and employees	(3,436,781)	(2,915,203)
Interest received	5,371	21,556
Net cash provided by/(used in) operating activities	20 <u>123,023</u>	<u>986,500</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(118,808)</u>	<u>(1,125,032)</u>
Net cash used in investing activities	<u>(118,808)</u>	<u>(1,125,032)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	4,215	(138,532)
Cash and cash equivalents at beginning of year	<u>283,075</u>	<u>421,607</u>
Cash and cash equivalents at end of the year	6 <u><u>287,290</u></u>	<u><u>283,075</u></u>

The accompanying notes form part of these financial statements.

ACT Basketball Incorporated

A.B.N 11 936 731 929

Notes to the Financial Statements For the Year Ended 30 September 2018

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. This association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report covers ACT Basketball Incorporated ("the Association") as an individual entity. The Association is an association incorporated in the Australian Capital Territory under the Associations Incorporation Act (ACT) 1991.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply.

The financial statements 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 liabilities.

1 Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Leases

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

(c) Revenue and other income

Revenue from the sale of goods and services is recognised upon the delivery of goods and services to customers.

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

Grants are treated according to the specifications of the grant funding deeds. Grant income and expenses are recognised as specified by each grant funding deed. Grants required to be returned to the funding provider due to specific circumstances are treated as unexpended grants which form part of the liabilities in the balance sheet at the end of the year.

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

ACT Basketball Incorporated

A.B.N 11 936 731 929

Notes to the Financial Statements For the Year Ended 30 September 2018

2 Summary of Significant Accounting Policies

(d) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(e) Goods and services tax (GST)

Revenue, 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 Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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 taxation authority is classified as operating cash flows.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

(g) Property, plant and equipment

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

Land and buildings

Land and buildings are measured at fair value. Fair value is determined based on periodic independent valuations prepared by external valuation experts, based on market values. The fair values are recognised in the financial statements of the association, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Plant and equipment

Plant and equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount.

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

ACT Basketball Incorporated

A.B.N 11 936 731 929

Notes to the Financial Statements

For the Year Ended 30 September 2018

2 Summary of Significant Accounting Policies

(g) Property, plant and equipment

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2%
Leased assets	40%
Office equipment	20-50%

(h) 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 association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

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

Derecognising

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 where the related obligation are either discharged, cancelled or expire. The difference between carrying value of the financial liability 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.

Classification and Subsequent Measurement

- 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, where they are derivatives not held for hedging purposes, or when they are designated 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 fair value (i.e. gains and losses) recognised in profit or loss.

ACT Basketball Incorporated

A.B.N 11 936 731 929

Notes to the Financial Statements For the Year Ended 30 September 2018

2 Summary of Significant Accounting Policies

(h) Financial instruments

- 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.

- Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

- Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

- Impairment

At the end of each reporting period, 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 value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are immediately recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

(i) 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.

(j) Provisions

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. 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. In determining the liability, consideration is given to employee wage increases and the profitability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

3 Critical Accounting Estimates and Judgements

The Directors 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.

Key estimates - Impairment

The Association assesses impairment at the end of each reporting period by evaluating conditions specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

ACT Basketball Incorporated

A.B.N 11 936 731 929

Notes to the Financial Statements For the Year Ended 30 September 2018

4 Revenue and Other Income

	2018	2017
	\$	\$
Non-operating activities		
- Interest received	5,371	23,706
Operating activities		
- Admin and facilities	118,866	64,416
- Grants and sponsorships	120,003	68,530
- Gain on disposal of assets	2,000	-
- Competition revenue	2,405,110	2,284,186
- Elite and development programs	614,928	497,322
Total Revenue	3,266,278	2,938,160
Other Revenue		
-One off grant income 3*3 development	71,121	1,000,518

5 Result for the Year

The result for the year was derived after charging / (crediting) the following items:

Auditor's remuneration	12,300	16,000
Operating lease payments	12,997	12,997

6 Cash and Cash Equivalents

Cash at bank and in hand	287,290	283,075
	287,290	283,075

7 Trade and Other Receivables

CURRENT		
Trade receivables	248,897	932,025
Provision for doubtful debts	(20,000)	(20,000)
Total receivables	228,897	912,025

8 Inventories

CURRENT		
At cost:		
Merchandise	36,714	29,038
	36,714	29,038

ACT Basketball Incorporated

A.B.N 11 936 731 929

Notes to the Financial Statements For the Year Ended 30 September 2018

9 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	159,226	123,109
Deposit paid	5,453	-
	<u>164,679</u>	<u>123,109</u>

10 Property, plant and equipment

Belconnen land		
At fair value		
Belconnen land at 16 @ directors' market value	1,224,426	1,224,426
Belconnen land at 13 @ directors' market value	220,000	220,000
Total land	<u>1,444,426</u>	<u>1,444,426</u>
Belconnen Stadium		
Leasehold buildings at market value	2,564,114	2,500,000
Accumulated depreciation	(142,466)	(81,814)
	<u>2,421,648</u>	<u>2,418,186</u>
Total leasehold land and buildings at market value	<u>3,866,074</u>	<u>3,862,612</u>
Plant and equipment		
At cost	1,475,061	1,423,567
Accumulated depreciation	(134,094)	(97,449)
Total plant and equipment	<u>1,340,967</u>	<u>1,326,118</u>
Total property, plant and equipment	<u><u>5,207,041</u></u>	<u><u>5,188,730</u></u>

ACT Basketball Incorporated

A.B.N 11 936 731 929

**Notes to the Financial Statements
For the Year Ended 30 September 2018**

10 Property, plant and equipment

(a) 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 year:

	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of year	1,444,426	2,418,186	1,326,118	5,188,730
Additions	-	64,114	54,694	118,808
Depreciation expense	-	(60,652)	(39,845)	(100,497)
Balance at the end of the year	1,444,426	2,421,648	1,340,967	5,207,041
Balance at the beginning of year	1,444,426	2,480,191	220,677	4,145,294
Additions	-	-	1,125,032	1,125,032
Depreciation expense	-	(62,005)	(19,591)	(81,596)
Balance at the end of the year	1,444,426	2,418,186	1,326,118	5,188,730

ACT Basketball Incorporated

A.B.N 11 936 731 929

Notes to the Financial Statements For the Year Ended 30 September 2018

11 Intangible Assets

	2018	2017
	\$	\$
Website		
At Cost	17,694	17,694
Accumulated amortisation	(16,930)	(14,938)
	<u>764</u>	<u>2,756</u>

12 Investments

NON-CURRENT		
Term Deposit (ACTPLA security deposit)	80,891	79,485
Shares	1,172	1,172
	<u>82,063</u>	<u>80,657</u>

13 Trade and Other Payables

Trade payables	329,018	305,385
GST payable	(11,517)	65,930
Payroll liabilities	16,454	15,123
	<u>333,955</u>	<u>386,438</u>

14 Provisions

CURRENT		
Annual leave and Long service leave	57,878	46,395
	<u>57,878</u>	<u>46,395</u>
NON-CURRENT		
Provision for long service leave	16,939	14,867
Provision for floor maintenance	20,000	10,000
Provision for building fund	20,000	10,000
	<u>56,939</u>	<u>34,867</u>

ACT Basketball Incorporated

A.B.N 11 936 731 929

Notes to the Financial Statements For the Year Ended 30 September 2018

15 Other Liabilities

	2018	2017
	\$	\$
CURRENT		
Unearned Revenue	292,010	985,998
Security Deposits	-	24,162
	<u>292,010</u>	<u>1,010,160</u>

16 Capital and Leasing Commitments

(a) Operating Leases

Minimum lease payments under
non-cancellable operating leases:
- not later than one year

	<u>1,410</u>	<u>5,640</u>
	<u>1,410</u>	<u>5,640</u>

The photocopier lease commitment is a non - cancellable operating lease with a 5-year term.

(b) Capital Lease Commitments

The ACT government has been granted a first mortgage over the Belconnen land as a security for the Associations obligations pursuant to the funding deed.

17 Financial Risk Management

The Association's financial instruments consist of deposits with banks, short-term investments and accounts receivable and payable.

The Association does not have any derivative instruments at 30 September 2017.

Treasury Risk Management

The Board members meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Financial Risk Exposures and Management

The main risks the Association is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Foreign Currency Risk

The Association is not exposed to fluctuations in foreign currencies.

Liquidity Risk

The Association manages liquidity risk by monitoring forecast cash flows and maintaining adequate cash reserves.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, are disclosed in the balance sheet and notes to the financial statements. The Association does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Association.

ACT Basketball Incorporated

A.B.N 11 936 731 929

Notes to the Financial Statements For the Year Ended 30 September 2018

17 Financial Risk Management

There are no material amounts of collateral held as security at 30 September 2017.

Credit risk is managed by the Association and reviewed regularly by the board members. It rises from exposures to customers as well as through deposits with financial institutions.

Price Risk

The Association is not exposed to any material commodity price risk.

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-Interest Bearing		Fixed Interest Rate		Total	
	2018 %	2017 %	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Financial Assets										
Cash at bank	2	3	287,290	282,417	-	658	82,063	76,329	369,353	362,560
Total financial assets	-	-	287,290	282,417	-	658	82,063	76,329	369,353	362,560
Financial liabilities										
Trade and other payables	-	-	-	-	333,954	386,438	-	-	333,954	386,438
Total financial liabilities	-	-	-	-	333,954	386,438	-	-	33,395	386,438

18 Key Management Personnel Remuneration

The total of remuneration paid to the key management personnel of ACT Basketball Incorporated during the year are as follows:

	2018 \$	2017 \$
Salary	115,595	101,440
Superannuation contribution	10,982	7,976
	126,577	109,416

19 Contingencies

In the opinion of the Committee of Management, the Association has contingent liability for security deposit guarantee of \$65,000 at 30 September 2018 (30 September 2017: None).

ACT Basketball Incorporated

A.B.N 11 936 731 929

Notes to the Financial Statements For the Year Ended 30 September 2018

20 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2018	2017
	\$	\$
Profit for the year	125,136	1,065,643
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	102,566	84,692
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	683,128	(36,975)
- (increase)/decrease in other assets	(40,398)	(75,748)
- (increase)/decrease in investments	(2,578)	(2,150)
- (increase)/decrease in inventories	(7,676)	(17,324)
- increase/(decrease) in trade and other payables	(52,483)	(57,744)
- increase/(decrease) in other liabilities	(726,657)	(19,704)
- increase/(decrease) in provisions	20,000	54,867
- increase/(decrease) in employee benefits	13,555	(9,057)
Cashflows from operations	<u>114,593</u>	<u>986,500</u>

21 Statutory Information

The registered office of the association is:

ACT Basketball Incorporated
42 Oatley Court
Belconnen ACT 2617

ACT Basketball Incorporated

A.B.N 11 936 731 929

Statement by Members of the Board

In the opinion of the board the financial report as set out on pages 2 to 16:

1. Represents a true and fair view of the financial position of ACT Basketball Incorporated at 30 September 2018 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that ACT Basketball Incorporated will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the board and is signed for and on behalf of the board by:

Allan Yates

Chairperson

Jocelyn Martin.....

Treasurer

Dated this day of 2019