



BASEBALL
AUSTRALIA



BASEBALL AUSTRALIA

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

ABN 18 610 026 404

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The financial report was authorised for issue by the Directors on 30 October 2018

Australian Baseball Federation Inc. & its controlled entities

Directors' report

For the year ended 30 June 2018

The Directors present their report together with the consolidated financial statements of the Australian Baseball Federation Incorporated ('Parent', 'BA') and its controlled entities ('the Group') for the financial year ended 30 June 2018 and the auditor's report thereon.

Principal activities

The principal activities of the Group during the course of the financial year was to conduct, encourage, promote, advance, standardise, control and administer all forms of the sport of baseball in and throughout Australia.

The Australian Baseball Federation Inc. acquired the remaining equity stake (75%) in the Australian Baseball League Pty Ltd from Major League Baseball on 1 July 2016. The Group continued to operate the business of the League in the financial years following the acquisition.

Form of entity and place of business

The parent entity of the Group, the Australian Baseball Federation is an Incorporated Association registered in South Australia.

Under its Statement of Rules and Purposes, the liability of members is limited to \$1 per member. At the date of this report, the Australian Baseball Federation's registered office - and principal place of business - is located at Suite 5, 65-67 Thomas Drive, Chevron Island, Queensland.

Review of operations and results

The Australian Baseball Federation continued to promote and administer the sport of Baseball in Australia, including the men's, women's and junior Australian teams, the Australian Baseball League, the Australian National Championships, the Australian Little League Championships, and was also responsible for the development and marketing of the sport in Australia.

The net result of the operations of the Group for the year ended 30 June 2018 was a net operating loss of \$448,584 (2017: loss \$1,049,751). Whilst this represented an improvement in net result for the year ended 30 June 2018, the result was significantly below management and budgetary expectations for this period.

Significant changes in state of affairs

The 2018 financial year represented the second financial period following the acquisition of Major League Baseball's equity stake in the Australian Baseball League Pty Ltd (75%) on 1 July 2016.

The financial results of the Australian Baseball League Pty Ltd have been reflected in the forthcoming consolidated financial statements for the year ended 30 June 2018, with comparative information reflecting the financial results of the Australian Baseball League Pty Ltd for the year ended 30 June 2017 following the acquisition of the remaining stake on 1 July 2016.

Events after end of financial year

During 2018, it was announced that the Australian Baseball League would include an additional two teams for the 2018-2019 season commencing in November 2018. This is in addition to licencing the operations of five (5) of the six (6) foundation teams to third parties from 1 July 2018, with the remaining licence to commence on 1 July 2019.

In the course of preparing the financial statements of the Group, discrepancies were identified with regards to the financial results of the six (6) ABL teams for the year ended 30 June 2018. Subsequently, it was resolved that the identified discrepancies warrant further investigation. Outcomes of the further investigations currently being undertaken may include the potential recovery of identified discrepancies in circumstances where it is deemed to be appropriate.

Outside of these events, there is at the date of the report no other matters or circumstances which have arisen since 30 June 2018 that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in financial years subsequent to 30 June 2018.

Australian Baseball Federation Inc. & its controlled entities

Directors' report (continued)

For the year ended 30 June 2018

Future developments and results

The Directors are not aware of any other likely developments at this time that would affect the operations of the Australian Baseball Federation Incorporated.

Environmental regulation

The operations of the Australian Baseball Federation Incorporated are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Information on directors

The following persons held office as Directors of the Australian Baseball Federation Incorporated at any time during the year and up to the date of this report.

Director

D Hynes	President
R Sadler	Interim Chairperson, Finance, Audit and Risk Committee (Resigned 24 April 2018)
P Williams	Chairperson, Finance, Audit and Risk Committee (Resigned 8 September 2017)
P Shmigel	
G Hooker	
C Vale	
J Boulton	Appointed 26 February 2018
I Williams	Appointed 26 February 2018
J Hurley	Chairperson, Finance, Audit and Risk Committee (Appointed 24 April 2018)

Meetings of Directors

The number of Directors' meetings held (including meetings of Committees and Directors) and the number of meetings attended (while a Director) by each of the Directors of the Australian Baseball Federation Incorporated during the financial year are:

	Full meeting of Directors (incl. teleconferences)		Finance, Audit and Risk Committee	
	H	A	H	A
Meetings held (H) whilst a Director and attended (A)				
D Hynes (President)	6	6		
R Sadler	6	6	1	1
P Williams	1	1	1	1
P Shmigel	6	1		
G Hooker	6	6		
C Vale	6	6	3	3
J Boulton	3	2		
I Williams	3	3		
J Hurley	4	4	1	1

The role of the Finance, Audit and Risk Committee is providing advice and assurance on the financial statements and the audit process, and oversight of the effectiveness of the system of corporate governance and risk management.

Australian Baseball Federation Inc. & its controlled entities

Directors' report (continued)

For the year ended 30 June 2018

Company Secretary

The Company Secretary is Mr Cameron Vale, Chief Executive Officer & Company Secretary.

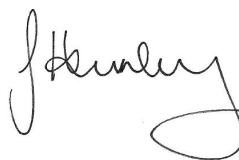
Insurance of Officers

During the financial year, the Australian Baseball Federation Incorporated paid a premium to insure certain officers of the Federation. The insurance policy covers any director or officer of the Company including past, present and future directors, Company Secretary, Chief Executive Officer, and employees of the Australian Baseball Federation Incorporated. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as officers of the Australian Baseball Federation Incorporated.

Signed this 30th day of October, 2018, in accordance with a resolution of the Directors.



David Hynes
Director & President



Jo Hurley
Finance Director

Australian Baseball Federation Inc. & its controlled entities

Consolidated statement of comprehensive income

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue from continuing operations	4	8,133,855	7,496,145
Other income	4	1,200,000	890,000
Total Revenue	4	9,333,855	8,386,145
Expenditure from operating activities			
ABL Operations		(4,398,364)	(4,291,326)
National Team Performance		(1,392,774)	(1,091,501)
National Events		(1,509,917)	(1,425,153)
Baseball Operations		(876,961)	(904,250)
Marketing and advertising expenses		(304,920)	(429,499)
Administration		(1,127,920)	(996,228)
Other expenses from ordinary activities		(168,431)	(308,101)
Interest income		1,136	10,530
Interest expense		(4,288)	(368)
Net profit / (loss) from operating activities	5	(448,584)	(1,049,751)
Gain / (loss) on bargain purchase		-	517,359
Net profit / (loss) for the year		(448,584)	(532,392)
Other comprehensive income		-	-
Total comprehensive profit / (loss) for the year attributable to members of the Australian Baseball Federation Inc.		(448,584)	(532,392)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Australian Baseball Federation Inc. & its controlled entities

Consolidated statement of financial position

As at 30 June 2018

	Notes	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	6	830,278	1,462,104
Trade and other receivables	7	870,226	657,962
Inventories	8	68,089	81,331
Other	9	468,091	433,094
Total current assets		<u>2,236,684</u>	<u>2,634,491</u>
NON-CURRENT ASSETS			
Trade and other receivables	10	97,813	60,417
Property, plant and equipment	11	145,263	222,346
Other	12	40,147	32,870
Total non-current assets		<u>283,223</u>	<u>315,633</u>
TOTAL ASSETS		<u>2,519,907</u>	<u>2,950,124</u>
CURRENT LIABILITIES			
Trade and other payables	13	1,629,647	1,360,765
Employee benefits	14	81,074	94,049
Revenue received in advance	15	307,702	547,125
Total current liabilities		<u>2,018,423</u>	<u>2,001,939</u>
NON CURRENT LIABILITIES			
Employee benefits	16	22,661	20,778
Total non-current liabilities		<u>22,661</u>	<u>20,778</u>
TOTAL LIABILITIES		<u>2,041,084</u>	<u>2,022,717</u>
NET ASSETS		<u>478,823</u>	<u>927,407</u>
MEMBERS' FUNDS			
Accumulated funds	17	478,823	927,407
TOTAL MEMBERS' FUNDS		<u>478,823</u>	<u>927,407</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Australian Baseball Federation Inc. & its controlled entities

Consolidated statement of changes in equity

For the year ended 30 June 2018

	Notes	Reserves \$	Accumulated Funds \$	Total Equity \$
Balance at 1 July 2016		-	1,459,799	1,459,799
<i>Total comprehensive loss for the year</i>				
Loss for the year		-	(532,392)	(532,392)
Total comprehensive loss for the year		-	(532,392)	(532,392)
Balance at 30 June 2017	17	-	927,407	927,407
Balance at 1 July 2017		-	927,407	927,407
<i>Total comprehensive loss for the year</i>				
Loss for the year		-	(448,584)	(448,584)
Total comprehensive loss for the year		-	(448,584)	(448,584)
Balance at 30 June 2018	17	-	478,823	478,823

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Australian Baseball Federation Inc. & its controlled entities

Consolidated statement of cash flows

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from members, sponsors and customers		8,991,030	8,613,193
Payments to supplies, players and employees		(9,450,262)	(8,275,470)
GST paid on acquisition of property, plant & equipment		(1,869)	(5,273)
Interest received		1,136	10,530
Interest paid		(4,288)	(368)
Net cash (outflow)/inflow from operating activities	20	(464,253)	342,612
Cash flows from investing activities			
Payments for property, plant, equipment and other intangibles	11	(21,316)	(52,882)
Loans provided to Member States		(146,257)	(75,000)
Net cash (outflow) from investing activities		(167,573)	(127,882)
Net (decrease) / increase in cash held		(631,826)	214,730
Cash at the beginning of the financial year		1,462,104	1,247,374
Cash at the end of the financial year	6	830,278	1,462,104

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements

For the year ended 30 June 2018

1. Parent Entity

The Australian Baseball Federation Inc. (the Association) is a not-for-profit association incorporated in South Australia. The address of the Association's registered office is Suite 5, 65-67 Thomas Drive, Chevron Island, Queensland, 4217. The consolidated financial statements, comprising the Association and its controlled entities (together 'the group') are as at and for the year ended 30 June 2018.

2. Basis of preparation

(a) Statement of compliance

In the opinion of the directors, the group is not a reporting entity because there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. The financial report is therefore a special purpose financial report that has been prepared in order to satisfy the requirements of the *Associations Incorporation Act 1985 (SA)*.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1048 *Interpretation and Application of Standards* and AASB 1054 *Australian Additional Disclosures*.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Australian Baseball Federation Inc and its controlled entities as at the period end and at any time during the period. The entity controlled during the period was the Australian Baseball League Pty Ltd.

Controlled entities are those entities over which the Association has the power to govern the financial and operating policies so as to obtain the benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Association controls another entity.

The financial statements of the controlled entity were prepared from the commencement of the previous period, being 1 July 2016, using accounting policies consistent with those of the Association. In preparing the consolidated financial statements, all inter-company balances, transactions and unrealised gains and losses resulting from intra-group transactions have been eliminated in full.

The controlled entity was fully consolidated from the date on which control was obtained by the Association and will cease to be consolidated from the date on which control is transferred out of the Association.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

2. Basis of preparation (continued)

(d) Functional and presentation currency

Items included in the consolidated financial statements of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the group's functional and presentation currency.

Translations and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(e) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report or estimates with a significant risk of material adjustment in the next year.

(f) Going concern

The financial report is prepared on a going concern basis, which contemplates continuation of normal operations and the realisation of assets and settlement of liabilities in the ordinary course of operations. In making this assessment, the Directors have considered future events and conditions for a period of at least 12 months following the approval of these financial statements, by way of a budget for the 12 months ending 30 June 2019 and a cashflow forecast from 1 November 2018 until 31 October 2019.

The entity is economically dependent on the Australian Sports Commission for grant funding, along with income from a range of other sources such as sponsorship income and broadcast rights income, most of which has been secured for the period up until June 2019. If funds are not spent in accordance with grant conditions, the Commission can suspend future grants or reclaim all or part of the grants. The entity is also dependent on the continued receipt of player membership income, team participation levies and grants which expire within the 12 month period after the signing date of these financial statements.

The Group has incurred a loss of \$448,584 for the financial year ended 30 June 2018 (2017 loss: \$532,392). Furthermore, the Group has positive net current assets of \$218,261 (2017: \$632,552) and positive net assets as of 30 June 2018 of \$478,823 (2017: \$927,407). While a number of grants and sponsorship contracts have been secured beyond the 12 month period after signing date of these financial statements, the Group is still in the process of negotiating broadcast rights and awaiting confirmation of the extent of funding to be received from the Australian Sports Commission in respect of the 2020 financial year.

Notwithstanding the current year's loss and uncertainty of government funding post 30 June 2019, the Directors consider that it is appropriate to prepare these financial statements on a going concern basis given the following mitigating factors:

- The Group has prepared a cash flow forecast through to at least 31 October 2019 which reflects that the Group will remain a going concern throughout the forecast period and will achieve positive cash balances and net inflows for that period. Key assumptions regarding revenue targets and expense control underpin the forecast.
- To reduce the risk exposure, the Group is currently working to diversify its funding base to reduce its reliance on Government funding by increasing sponsorship levels, broadcast rights and financial support associated with the Australian Baseball League. This will be underpinned by a continued focus on conservative business practices and cost management.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Association.

(a) Revenue recognition

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 cessation of all involvement in those goods.

All revenue is stated at net of the amount of Goods and Services Tax (GST).

Sales revenue

Sales revenue from baseball activities comprises revenue earned from the sales of memberships, corporate marketing, sponsorships, the sale of merchandise, gate receipts and other match day income.

Membership income

Membership income is recognised throughout the duration of the financial period.

Sponsorship income

Sponsorship income is recognised in the consolidated statement of comprehensive income in proportion to the stage of completion of the transaction at balance date, in accordance with the terms and conditions of the sponsorship contract.

(b) Government Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Association or its controlled entity has complied with the attached conditions.

(c) Income tax

No income tax is payable by the parent entity, as it is an exempt sporting organisation in accordance with Section 50-45 of the Income Tax Assessment Act 1997.

The subsidiary entity, Australian Baseball League Pty Ltd, is a taxable entity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

3. Significant accounting policies (continued)

(d) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is raised where there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is recognised in the consolidated statement of comprehensive income in other expenses.

(e) Other loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (Notes 7 and 10) in the consolidated statement of financial position.

(f) Inventories

All inventories are finished goods. Inventories relate to rulebooks, scorebooks, coaching materials and other baseball related merchandise and are measured at the lower of cost and net realisable value.

(g) Impairment of assets

At each reporting date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell, and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in consolidated statement of comprehensive income immediately.

(h) Depreciation of property, plant and equipment

Items of property, plant and equipment are carried at cost and are depreciated over their useful lives to the group commencing from the time the asset was held ready for use.

Depreciation is recognised in the consolidated statement of comprehensive income. The depreciation rates used for each class of asset are as follows:

Computer equipment	20% - 40%
Office equipment	30%
Plant & equipment	10% - 40%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually payable within 30 days of recognition.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

3. Significant accounting policies (continued)

(j) Provisions

Provisions are recognised when the Association has a present legal or constructive obligation as a result of past events. It is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(k) Revenue received in advance

Income received in advance is recognised in line with the terms of specific contracts and agreements. Sponsorship income and membership income received in advance is recognised in line with the sponsorship contracts or membership subscription period and the respective service obligations of the group.

(l) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long service leave

The liability for long service leave, which is not expected to be settled within 12 months after the end of the period in which the employee renders the related service, is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

(m) Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Restricted cash represents cash balances held by the Group where the decision-making authority regarding these funds is in conjunction with other external stakeholders (e.g. Australian Baseball Alumni, Major League Baseball).

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 other payables in the balance sheet.

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 flow.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

3. Significant accounting policies (continued)

(o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2014)

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 9.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 15.

AASB 16 Leases

AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees. AASB is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 16.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

	2018	2017
	\$	\$
4. Revenue		
From continuing operations		
Provision of goods & rendering of services	8,133,855	7,496,145
	<u>8,133,855</u>	<u>7,496,145</u>
Total revenue from continuing operations	<u>8,133,855</u>	<u>7,496,145</u>
Other income		
Government grants	1,200,000	890,000
Interest received	1,136	10,530
	<u>1,201,136</u>	<u>900,530</u>
Total Revenue	<u>9,334,991</u>	<u>8,396,675</u>

Government Grants

Government Grants relate primarily to monies received from the Australian Sports Commission which are required to be expended on game development and high performance programs. There are no unfulfilled conditions or other contingencies attached to these grants.

5. Net result

The net result includes the following specific items:

Expenses

Depreciation	88,121	85,206
Employee benefits expense	1,671,498	2,100,421
Write-off of bad & doubtful debts	92,831	173,061
Write-off of obsolete inventory	-	49,834

6. Cash and cash equivalents

Cash at bank and on hand	545,864	1,182,152
Restricted Cash - MLBAAP & Australian Baseball Alumni	284,414	279,952
	<u>830,278</u>	<u>1,462,104</u>

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

	2018	2017
	\$	\$
7. Trade and other receivables		
Trade receivables	1,042,152	892,988
Impairment of trade receivables	<u>(301,812)</u>	<u>(273,289)</u>
	740,340	619,699
Other receivables	6,442	23,680
Loans receivable from Member States	<u>123,444</u>	<u>14,583</u>
	<u>870,226</u>	<u>657,962</u>

The movement in the allowance for impairment in respect of receivables during the year was as follows:

Balance as at 1 July	273,289	120,511
Impairment loss recognised	92,831	173,061
Amounts written-off	<u>(64,308)</u>	<u>(20,283)</u>
Balance as at 30 June	<u>301,812</u>	<u>273,289</u>

Past due but not impaired

As of 30 June 2018, trade receivables of \$621,127 (2017: \$565,217) were past due but not impaired. These relate to a number of independent customers for which there has been no basis for impairment identified. The ageing analysis of these trade receivables is as follows:

Not past due	119,213	54,482
Past due 0-30 days	11,223	235,318
Past due 31-60 days	151,667	14,918
Past due 61-90 days	93,683	15,424
Past due 91 days or more	<u>364,554</u>	<u>299,557</u>
	<u>740,340</u>	<u>619,699</u>

Receivables due from Member States

As at 30 June 2018, trade receivables includes amounts receivable from Member States of \$321,994 (2017: \$99,630).

8. Inventories

Inventory (net of provision for obsolescence)	<u>68,089</u>	<u>81,331</u>
	<u>68,089</u>	<u>81,331</u>

9. Other current assets

Prepayments	214,998	401,601
Accrued income	238,558	25,293
Prepaid deposits	<u>14,535</u>	<u>6,200</u>
	<u>468,091</u>	<u>433,094</u>

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

	2018	2017
	\$	\$
10. Non-current trade and other receivables		
Loans receivable from Member States	97,813	60,417
	<u>97,813</u>	<u>60,417</u>

As at 30 June 2018, the loan amounts receivable from Member States represent loans of varying terms provided to the following Members:

Baseball South Australia - repayments commencing on December 2017;
 Baseball Western Australia - repayments commencing in July 2018;
 ACT Baseball Association - repayments commencing in July 2018; and
 Baseball Queensland - repayments commencing in July 2018.

11. Property, plant & equipment

Plant and Equipment

Office equipment - cost	217,884	336,584
Less accumulated depreciation	(183,825)	(277,711)
Total Office Equipment	<u>34,059</u>	<u>58,873</u>
Computer equipment - cost	72,590	146,667
Less accumulated depreciation	(35,521)	(104,167)
Total Computer Equipment	<u>37,069</u>	<u>42,500</u>
Plant and equipment - cost	296,699	294,682
Less accumulated depreciation	(222,564)	(173,709)
Total Plant and Equipment	<u>74,135</u>	<u>120,973</u>
Total Property, Plant and Equipment	<u>145,263</u>	<u>222,346</u>

Reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the year are set out below.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

	Computer Equipment	Plant and Equipment	Office Equipment	TOTAL
	\$	\$	\$	\$
At 1 July 2017	42,500	120,973	58,873	222,346
Additions	15,111	2,017	4,188	21,316
Fixed asset write offs	(2,350)	-	(7,928)	(10,278)
Transfers	-	-	-	-
Depreciation Expense	(18,192)	(48,855)	(21,074)	(88,121)
at 30 June 2018	37,069	74,135	34,059	145,263
	Computer Equipment	Plant and Equipment	Office Equipment	TOTAL
	\$	\$	\$	\$
At 1 July 2016	12,653	176,755	65,417	254,825
Additions	38,417	-	14,465	52,882
Fixed asset write offs	(155)	-	-	(155)
Transfers	-	-	-	-
Depreciation Expense	(8,415)	(55,782)	(21,009)	(85,206)
at 30 June 2017	42,500	120,973	58,873	222,346

	2018	2017
	\$	\$
12. Other non-current assets		
Security deposits	40,147	32,870
	<u>40,147</u>	<u>32,870</u>
13. Trade and other payables		
Trade payables	870,363	846,437
Sundry creditors and accruals	759,284	514,328
	<u>1,629,647</u>	<u>1,360,765</u>
As at 30 June 2018, trade payables include amounts due to Member States of \$271,829 (2017: \$212,450)		
14. Employee benefits		
Annual leave	81,074	94,049
	<u>81,074</u>	<u>94,049</u>

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

	2018	2017
	\$	\$
15. Revenue received in advance		
Revenue received in advance - ASC Grants	-	290,000
Revenue received in advance - ABL	127,645	95,762
Revenue received in advance - MLB Programming	114,962	16,363
Revenue received in advance - Other	65,095	145,000
	<u>307,702</u>	<u>547,125</u>
16. Non-current employee benefits		
Long service leave	<u>22,661</u>	<u>20,778</u>
	<u>22,661</u>	<u>20,778</u>
17. Capital		
The parent entity, the Australian Baseball Federation Inc., is incorporated in South Australia as an Incorporated Association.		
Under the Statement of Rules & Purposes, the liability of members is limited to \$1 per member and the Board cannot declare a dividend, bonus or otherwise to members.		
18. Contingent liabilities		
The group has no contingent liabilities as at 30 June 2018.		
19. Commitments for expenditure		
<i>Operating lease commitments</i>		
Non-cancellable operating leases contracted for but not capitalised in the financial report.		
Property leases payable:		
Not longer than 1 year	95,371	74,272
Longer than 1 year but not longer than 5 years	12,439	107,810
	<u>107,810</u>	<u>182,082</u>
<i>Capital expenditure commitments</i>		
Capital expenditure committed to but not capitalised in the financial report.		
Commitments to capital expenditure in respect of facility improvements:		
Not longer than 1 year	75,000	-
Longer than 1 year but not longer than 5 years	175,000	-
	<u>250,000</u>	<u>-</u>

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

	2018	2017
	\$	\$
20. Reconciliation of net surplus/(deficit) to net cash inflow / (outflow) from operating activities		
Net surplus/(deficit)	(448,584)	(532,392)
Depreciation, amortisation, loss on disposal and fixed asset write-offs	98,399	85,361
(Increase)/decrease in current receivables	(103,402)	(19,462)
Decrease/(increase) in inventories	13,242	28,369
Decrease/(increase) in other current assets	(34,997)	40,998
Decrease/(increase) in non-current receivables	-	-
Decrease/(increase) in other non-current assets	(7,280)	(9,418)
Increase/(decrease) in accounts payable	23,926	356,236
Increase/(decrease) in sundry creditors	244,956	127,622
Increase/(decrease) in current provisions	(12,974)	33,283
Increase/(decrease) in revenue received in advance	(239,423)	246,510
Increase/(decrease) in balance of loans owed	-	-
Increase/(decrease) in non-current provisions	1,884	(14,495)
Net cash inflow / (outflow) from operating activities	(464,253)	342,612

21. Subsequent events

In the course of preparing the financial statements of the Group, discrepancies were identified with regards to the financial results of the six (6) ABL teams for the year ended 30 June 2018. Subsequently, it was resolved that the identified discrepancies warrant further investigation, with a particular emphasis on the following matters:

- Variances in revenue received by the ABL as compared to revenue reported by external sources; and
- Expenditure undertaken by State Associations that was not approved by the ABL and was not included within the agreed funding outlined in the MOUs governing the operation of the six (6) ABL teams for the 2017-2018 ABL season.

Outcomes of the further investigations currently being undertaken may include the potential recovery of identified discrepancies in circumstances where it is deemed to be appropriate.

22. Group entities

In July 2016, the Association acquired the remaining 75% stake in the Australian Baseball League Pty Ltd from Major League Baseball. This entity owns all assets of the League and its six (6) foundation teams.

	Country of Incorporation	Ownership Interest	
		2018	2017
<i>Parent entity</i>			
Australian Baseball Federation Incorporated	Australia		
<i>Controlled entities</i>			
Australian Baseball League Pty Ltd	Australia	100%	100%

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

2018 2017
\$ \$

23. Parent entity disclosures

The Australian Baseball Federation Incorporated is the parent entity of the Group for the financial year ended 30 June 2018.

	Parent	
	2018	2017
Profit / (loss) for the year	506,441	(11,836)
Total comprehensive income / (loss) attributable to the members	506,441	(11,836)
Financial position of the parent entity at the year end		
Current assets	1,508,274	2,068,185
Non-current assets	1,738,984	650,069
Total assets	3,247,258	2,718,254
Current liabilities	1,399,960	1,379,281
Non-current liabilities	22,661	20,778
Total liabilities	1,422,622	1,400,059
Equity	1,824,636	1,318,195

As at 30 June 2018 there were no material or significant legal claims or contingencies against the parent entity (2017: \$nil)

24. Parent entity details

The registered office of the Association is:

Australian Baseball Federation Incorporated
Suite 5, 65-67 Thomas Drive
CHEVRON ISLAND QLD 4217

The principal place of business is:

Australian Baseball Federation Incorporated
Suite 5, 65-67 Thomas Drive
CHEVRON ISLAND QLD 4217

Australian Baseball Federation Inc. & its controlled entities

Directors' declaration

- 1 In the opinion of the directors of the Australian Baseball Federation and its controlled entities ("the Group"):
 - (a) the Group is not a reporting entity;
 - (b) the financial statements and notes, set out on pages 5 to 21:
 - (i) present fairly the financial position of the Entity as at 30 June 2018 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 2; and
 - (ii) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2; and
 - (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

- 2 In respect of the year ended 30 June 2018, the Group has:
 - (a) kept such accounting records as to correctly record and explain its transactions and financial position;
 - (b) kept its accounting records such that financial statements of the Group that are presented fairly can be prepared from time to time; and
 - (c) kept its accounting records in accordance with the *Associations Incorporated Act 1985 (SA)* so that the financial statements of the Group can be conveniently and properly audited.

Signed this 30th day of October 2018, in accordance with a resolution of the Directors.



David Hynes
Director & Presider



Jo Hurley
Finance Director



Independent Auditor's Report

To the Directors of Australian Baseball Federation Inc

Opinion

We have audited the **Financial Statements** of Australian Baseball Federation Inc (the Association).

In our opinion, the accompanying Financial Statements present fairly, in all material respects the financial position of the **Group** as at 30 June 2018 and of its financial performance for the year ended on that date in accordance with *Australian Accounting Standards* to the extent described in Note 2 to the Financial Statements and the *Associations Incorporation Act 1985 (SA)*.

The **Financial Statements** comprise:

- Consolidated statement of financial position as at 30 June 2018
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' declaration.

The **Group** consists of the Association and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We are independent of the Association in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Statements in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 2 to the Financial Statements, which describes the basis of preparation.

The Financial Statements have been prepared to assist the Association's Directors in complying with the financial reporting requirements of the *Associations Incorporation Act 1985 (SA)*.

As a result, the Financial Statements and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of the Association and should not be used by parties other than the members of the Association. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Statements to which it relates, to any person other than the members of the Association or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Australian Baseball Federation Inc's annual reporting which is provided in addition to the Financial Statements and the Auditor's Report. The Association's Directors' are responsible for the Other Information.

Our opinion on the Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Association's Directors for the Financial Statements

The Association's Directors are responsible for:

- the preparation and fair presentation of the Financial Statements in accordance with the *Associations Incorporation Act 1985 (SA)* and have determined that the basis of preparation described in Note 2 is appropriate to meet the needs of the Directors.
- implementing necessary internal control to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error
- assessing the Association's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Statements

Our objective is:

- to obtain reasonable assurance about whether the Financial Statements as a whole are 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. They 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 of the Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

JJ Frazer
Partner

Gold Coast
30 October 2018