



**Telarah Bowling
Club**

ACN 42 000 616 704

**Annual Financial Report
for the year ended 30 June 2020**

Telarah Bowling Club Co-Operative Limited ACN 42 000 616 704

Annual financial report for the year ended 30 June 2020

Contents

	Page
Directors' report	3-4
Auditor's independence declaration	5
Financial statements	
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 20
Directors' declaration	21
Independent auditor's report to the members	22 - 23
Detailed profit and loss statement	24 - 28

These financial statements are the financial statements of Telarah Bowling Club. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 21 September 2020. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Telarah Bowling Club (the Club) for the year ended 30 June 2020.

Directors details

The following persons were Directors of Telarah Bowling Club during the financial year, and up to the date of this report:

Mr John Payne

President
Director since 2018 (11 previous years served as a Director)
Retired Finance Officer

Mr Hugh Morrison

Vice President
Director since 2014
Retired Printer

Ms Violet Bowtell

Director
Director since 2015 (7 previous years served as a Director)
Retired Domestic Duties

Mr Neale Savertsen

Director
Director since 2008
Retired Project Manager

Ms Debra Cheetham

Director
Director since 2014 (3 previous years served as a Director)
Office Administrator

Ms Deborah Smith

Director
Director since 2015
Employment Consultant

Mr Alan Pritchard

Director
Director since 2018
Retired Railway Officer

Company secretary

Joanne Henderson has been a Company Secretary of Telarah Bowling Club since 2007.

Director's meetings

The number of meetings the Directors held during the year and the number of meetings attended by each director is as follows:

Board members	Board meetings	
	A	B
Mr John Payne	11	10
Mr Hugh Morrison	11	10
Ms Violet Bowtell	11	6
Mr Neale Savertsen	11	11
Ms Debra Cheetham	11	11
Ms Deborah Smith	11	7
Mr Alan Pritchard	11	11

Where:

- column A: the number of meetings the Director was entitled to attend
- column B: the number of meetings the Director attended

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 30 June 2020, the following land and buildings are considered to be core and non-core property:

Core - Freehold land and buildings and leased car park situated at Clark Street, Telarah

Non-Core - nil

Principal activities

During the year, the principal activities of the Club was to run a licensed Club in accordance with its objectives for the benefit of its members.

Short-term and long-term objectives

The Club's short-term objectives are to:

- Provide the best facilities available to members and their guests with a special interest in bowling activities.

Strategy for achieving short and long-term objectives

During the year the principal activities of the Club consisted of:

- (a) Maintain or increase existing revenue levels and control costs to maintain profitability which will allow the Club's premises to be continually improved ;
- (b) Ensure greens are kept to an optimum standard by employing quality greenkeepers and undertaking regular maintenance;
- (c) Employing a bowls co-ordinator and ensuring appropriate support for bowlers of all skill levels.

Performance measurement

These strategies are measured through both financial and non financial key performance indicators that have been developed relevant to the club industry.

The Club measures its performance against industry benchmarks, gross profit percentage and wages to sales percentages to measure the financial performance of trading areas such as bar and gaming. The Club also uses EBITDA to measure the financial performance of the Club overall.

Likely developments and expected results of operations

The Club expects to gradually reopen and increase its level of operations over the coming months in line with the Governments announced plans to gradually reduce restrictions imposed as a result of the COVID-19 Pandemic.

Significant changes in state of affairs

As a result of the spread of COVID-19 the Federal Government announced the closure of all Registered Clubs effective 23 March 2020 however since year end Clubs have been allowed to reopen from 1 June 2020 with restrictions in place. The Club has recommenced trading in June 2020.

There have been a range of measures introduced by the Government to support businesses and the Club is eligible as a result of the impact of the shutdowns announced due to the COVID-19 pandemic. The Club anticipates continued challenging trading conditions until such time that a return to normal operations is possible. The extent of the loss incurred may impact existing cash reserves, with the financial position of the Club being monitored on an ongoing basis by management and the Board.

Contribution in winding up

The Club is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Club 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 Club. At 30 June 2020 the total amount that members of the Club are liable to contribute if the Club was wound up is \$32,000.

Rounding of amounts

The Club is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of this Directors' report.

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



Deborah Smith - Director



Hugh Morrison - Director

Dated: 21 September 2020

Auditor's independence declaration


To the Directors of Telarah Bowling Club

In accordance with the requirements of Corporations Act 2001, as lead auditor for the audit of Telarah Bowling Club for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

Dated: 21 September 2020
Newcastle West

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenue from continuing operations	2	2,131,072	2,435,967
Other Income	3	198,723	37,663
Bar cost of goods sold		(299,431)	(344,405)
Bar direct expenses		(199,293)	(237,057)
Poker Machine Expenses		(295,853)	(357,799)
Paper Gaming		(18,122)	(25,240)
Bowls Operation		(93,817)	(111,048)
Clubhouse expenses		(358,180)	(388,766)
Administration expenses		(519,948)	(469,406)
Borrowing Costs		(94,774)	(120,958)
Members amenities		(292,146)	(345,223)
		(2,171,564)	(2,399,902)
Profit / (loss) before income tax		158,231	73,728
Income tax expense		-	-
Profit / (loss) for the year		158,231	73,728
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		158,231	73,728

The above *statement of profit or loss and other comprehensive income* should be read in conjunction with the accompanying notes

Statement of financial position

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	91,742	136,523
Inventories	5	20,693	16,990
Financial assets at amortised cost	6	120,990	9,792
Other assets	7	50,349	48,198
Total current assets		283,774	211,503
Non-current assets			
Property, plant and equipment	8	2,871,695	3,187,117
Right-of-use asset	9	222,326	-
Total non-current assets		3,094,021	3,187,117
Total assets		3,377,795	3,398,620
LIABILITIES			
Current liabilities			
Trade and other payables	10	216,924	244,362
Financial liabilities	11	101,135	1,531,946
Provisions	12	98,846	72,170
Other liabilities	13	17,360	30,508
Lease liabilities	9	115,953	-
Total current liabilities		550,218	1,878,986
Non-current liabilities			
Financial liabilities	11	1,149,457	96,429
Provisions	12	9,548	6,840
Other liabilities	13	6,911	6,595
Lease liabilities	9	93,660	-
Total non-current liabilities		1,259,576	109,864
Total liabilities		1,809,794	1,988,850
Net assets		1,568,001	1,409,770
MEMBERS FUNDS			
Retained profits		1,568,001	1,409,770
Total members funds		1,568,001	1,409,770

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

Telarah Bowling Club

Statement of changes in equity

For the year ended 30 June 2020

	Retained Profits	Total
	\$	\$
Balance at 1 July 2018	1,336,042	1,336,042
Profit for the year	73,728	73,728
Total comprehensive income for the year	73,728	73,728
Balance at 30 June 2019	1,409,770	1,409,770
Profit for the year	158,231	158,231
Total comprehensive income for the year	158,231	158,231
Balance at 30 June 2020	1,568,001	1,568,001

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

Statement of cash flows

For the year ended 30 June 2020

Notes	2020 \$	2019 \$
Cash flows from operating activities		
Receipts from members and customers	2,307,593	2,622,840
Receipts from government stimulus funding	100,557	-
Payments to suppliers and employees	(1,973,849)	(2,101,004)
Interest received	140	71
Interest paid	(94,705)	(120,958)
Net cash inflow (outflow) from operating activities	339,736	400,949
Cash flows from investing activities		
Payments for property, plant and equipment	(149,847)	(88,475)
Proceeds from sale of property, plant and equipment	20,000	17,500
Net cash inflow (outflow) from investing activities	(129,847)	(70,975)
Cash flows from financing activities		
Proceeds from borrowings	1,308,361	178,161
Repayment of borrowings	(1,476,680)	(488,324)
Repayment of lease liabilities	(86,351)	-
Net cash inflow (outflow) from financing activities	(254,670)	(310,163)
Net increase in cash and cash equivalents	(44,781)	19,811
Cash and cash equivalents at the beginning of the financial year	136,523	116,712
Cash and cash equivalents at the end of the financial year	91,742	136,523

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

Notes to the financial statements

For the year ended 30 June 2020

1 Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Telarah Bowling Club (the Club) is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

(b) Statement of compliance

This financial report complies with Australian Accounting Standards - *Reduced Disclosure Requirements* as issued by the Australian Accounting Standards Board (AASB).

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian Dollars.

(c) New and amended standards adopted by the Club

The Club has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*
- AASB 2010-1 - *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current*

The principal accounting policies adopted are consistent with those of the previous financial year except for the policies stated below:

AASB 15 Revenue from Contracts with Customers

The Club has adopted AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15' from 1 July 2019. AASB 15 establishes a comprehensive five-step framework for recognising revenue. AASB 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. AASB 15 has replaced past revenue recognition guidance including AASB 18 Revenue, AASB 11 Construction Contracts and the related Interpretations.

Under AASB 15, revenue is recognised when a performance obligation has been satisfied at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer/member. The standard requires entities to exercise judgment, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers/members.

AASB 15 has been applied by the Club in accounting for and recognising revenue. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new policies are set out in note 2.

The standard permits either a full retrospective or a modified retrospective approach for adoption. The Club employed the modified retrospective approach for adoption as at 1 July 2019.

The adoption has impacted the financial statements as follows:

The Club concluded that AASB 15 required no change in the method of accounting for the sale of goods and the provision of services. Sales are made at a point in time as the products and services are provided, with no contingent features to the price or volumes delivered. Sales for the provision of services are made at a point in time, with no contingent features to the price. The Club issues vouchers where customers can redeem the vouchers for discounted or free goods. The Club also has a customer loyalty program which allows customers to earn points from selected purchases which are redeemable on future purchases. It was determined that the impact of the vouchers issued and loyalty program on 1 July 2019 and 30 June 2020 was immaterial.

The application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Club.

AASB 16 Leases

The Club has adopted AASB 16 'Leases' from 1 July 2019. AASB 16 Leases ('AASB 16') removes the current operating and finance lease distinction for lessees and requires entities to recognise all material leases on the statement of financial position. AASB 16 requires the recognition of a right-of-use asset and a corresponding lease liability at the commencement of all leases, except for short-term leases and leases of low value assets.

Notes to the financial statements

For the year ended 30 June 2020

1 Summary of significant accounting policies (cont.)

(c) New and amended standards adopted by the Club (continued)

The standard permits either a full retrospective or a modified retrospective approach for adoption. The Club has elected to apply the modified retrospective method of adoption from the date of initial application, which allows the Club to not restate comparative financial statement information.

The adoption has impacted the financial statements as follows:

As a result of the adoption of AASB 16, the Club has recognised right-of-use assets and lease liabilities with the following effects on the statement of financial position:

- The recognition of right-of-use assets of \$37,728;
- The recognition of lease liabilities of \$37,728;
- The reclassification of right-of-use assets from poker machines of \$192,303;
- The reclassification of lease liabilities from financial liabilities of \$179,976;

AASB 2010-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current

The Club has adopted AASB 2010-1 'Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current' from 1 July 2019. AASB 2010-1 removes the requirement to classify a liability as current where there is not an unconditional right to defer settlement for a period of greater than 12 months, and requires any liability where the entity has the right to defer settlement at the end of the reporting period (e.g. by virtue of meeting any specified conditions such as loan covenants) to now be classified as non-current.

As a result of the adoption of AASB 2020-1, the Club has changed the classification of its bank loan under financial liabilities such that it is now split between current and non-current in the statement of financial position.

(d) Working capital deficiency

As at 30 June 2020, Telarah Bowling Club has a working capital deficiency of \$266,444, represented by current assets of \$283,774 and current liabilities of \$550,218.

The Directors have determined that the going concern basis is appropriate given:

- (a) The Club has a cash balance at 30 June 2020 of \$91,742.
- (b) The Club do not foresee any issues in continuing to meet the terms and conditions of its loans with the Bank.
- (c) Despite generating \$339,736 in cashflows from operations, the Clubs operating cashflow for the year end 30 June 2020 was significantly impacted by the COVID-19 pandemic and related shutdown of the industry from 23rd March to 1 June. The Club expects future cashflows to improve and return to more normal levels based on trading performance since reopening in June 2020 (notwithstanding that restrictions remain in place which limit a return to pre-COVID operating conditions).
- (d) The Club has prepared a cashflow budget for 2021 and based on the forecasts, which include revenue from continued government stimulus support for the expected eligible period, expect the Club to continue to trade with sufficient positive operating cashflows in order to meet its obligations to financiers, suppliers, employees and other creditors.
- (e) The Club expects to continue to receive support from its suppliers and members.

The Directors are of the opinion the above will be achieved and the Club will continue as a going concern and meet its debts and commitments as they fall due. As a result, the Directors have prepared the financial report on a going concern basis.

(e) Income Taxes

The Club is exempt from income tax under section 50-45 of the Income Tax Assessment Act 1997.

(f) Goods and Services Tax

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 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.

Notes to the financial statements

For the year ended 30 June 2020

1 Summary of significant accounting policies (cont.)**(g) Rounding of amounts**

The Club is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

(h) Sub Clubs

The Men's Bowls and Women's Bowls Sub Clubs have been consolidated into the Club's financial statements in the current year, due to the Club's constitution providing effective control over each Sub Club, with the bank balances of the Sub Clubs included on the statement of financial position. A corresponding liability for each Sub Club has also been brought to account recognising the commitment of the identified funds to the future operation of the respective Sub Clubs.

2 Revenue**(a) Disaggregation of revenue from contracts with customers**

The Club derives revenue from the transfer of goods and services over time and at a point in time for the following services:

	Beverage revenue	Gaming revenue	Raffle revenue	Bowls revenue	Other revenue	Total
	\$	\$	\$	\$	\$	\$
2020						
Revenue from contracts with customers	735,910	1,107,989	139,902	13,118	116,973	2,113,892
Other revenue (not covered by AASB15)	-	17,180	-	-	-	17,180
	<u>735,910</u>	<u>1,125,169</u>	<u>139,902</u>	<u>13,118</u>	<u>116,973</u>	<u>2,131,072</u>

Timing of revenue recognition

At a point in time	735,910	1,125,169	139,902	13,118	88,645	2,102,744
Over time	-	-	-	-	28,328	28,328
	<u>735,910</u>	<u>1,125,169</u>	<u>139,902</u>	<u>13,118</u>	<u>116,973</u>	<u>2,131,072</u>

	Beverage revenue	Gaming revenue	Raffle revenue	Bowls revenue	Other revenue	Total
	\$	\$	\$	\$	\$	\$
2019						
Revenue from contracts with customers	847,822	1,271,470	170,799	14,244	114,452	2,418,787
Other revenue (not covered by AASB15)	-	17,180	-	-	-	17,180
	<u>847,822</u>	<u>1,288,650</u>	<u>170,799</u>	<u>14,244</u>	<u>114,452</u>	<u>2,435,967</u>

Timing of revenue recognition

At a point in time	847,822	1,288,650	170,799	14,244	98,178	2,419,693
Over time	-	-	-	-	16,274	16,274
	<u>847,822</u>	<u>1,288,650</u>	<u>170,799</u>	<u>14,244</u>	<u>114,452</u>	<u>2,435,967</u>

(c) Accounting policies and significant judgements

The recognises revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the is or expects to be entitled in exchange for those goods or services.

The considers whether there are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. Loyalty Points Program). In determining the transaction price for the sale of goods, the considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Sale of goods - beverage

Revenue from the sale of beverages is recognised at a point in time when the physical control of the goods passes to the customer.

Notes to the financial statements

For the year ended 30 June 2020

2 Revenue (continued)**(c) Accounting policies and significant judgements (continued)***(ii) Provision of services - gaming revenue*

Revenue from rendering services from gaming facilities to members and other patrons of the club is recognised when the services are provided. Gaming revenue is measured at the fair value of the consideration received from the net position of the wagers placed less customer winnings paid out. Commission income where the Club acts as an agent for third parties who provide wagering services to customers is recognised at a point in time when the wagering transaction has been completed.

(iii) Provision of services - raffle revenue

Raffle revenue is recognised at a point in time when the customer takes possession of the ticket and the raffle has been conducted as at this point the performance obligations have been satisfied.

(iv) Provision of services - bowls revenue

Revenue from rendering services from bowling activities to members and other patrons of the Club is recognised when the services are provided.

(v) Other revenue

Membership subscriptions are recognised over the term of membership and any unearned portion is deferred and included in contract liabilities. Membership revenue is measured with reference to the fee received and the period of membership that the member has paid for.

The Club recognises other revenue at a point in time when the performance obligation has been satisfied.

3 Other income and expense items

	2020	2019
	\$	\$
(a) Other income		
Insurance proceeds	9,173	20,014
Interest Income	140	149
Government Stimulus Payments - JobKeeper	107,250	-
Government Stimulus Payments - Cashflow Boost	50,910	-
Government Stimulus Payments - Grants	11,250	-
Gain on disposal of fixed assets	20,000	17,500
	<u>198,723</u>	<u>37,663</u>

(i) Insurance proceeds

The Club recognises income from insurance claims when an insured event has occurred and the realisation of the insurance recovery is virtually certain.

(ii) Interest income

Interest income is recognised on an accruals basis.

(iii) Government stimulus payments

The Club recognises stimulus funding from the Australian Taxation Office and Revenue New South Wales when it is considered to be receivable.

(iv) Gain on disposal of fixed assets

The Club recognised gains and losses on disposal of property, plant and equipment by comparing proceeds received on sale with the carrying amount of the asset being sold.

(b) Other expenses

Employee Benefits Expense	602,124	621,730
Depreciation and amortisation	356,541	323,208
Interest costs	94,774	120,958

Notes to the financial statements

For the year ended 30 June 2020

4 Cash and cash equivalents

	2020	2019
	\$	\$
Current		
Cash and Cash Equivalents	91,742	136,523
	<u>91,742</u>	<u>136,523</u>

Accounting policy

Cash and short-term deposits in the Statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

5 Inventories

Current		
Stock on hand	20,693	16,990
	<u>20,693</u>	<u>16,990</u>

Accounting policy

Inventories are measured at the lower of cost and current replacement cost.

6 Financial assets at amortised cost

Current		
Other receivables	120,990	9,792
	<u>120,990</u>	<u>9,792</u>

Accounting policy

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

7 Other assets

Current		
Prepayments	50,349	48,198
	<u>50,349</u>	<u>48,198</u>

Accounting policy

This includes prepayments made in advance for goods and services which are to be received in a future period.

Notes to the financial statements

For the year ended 30 June 2020

8 Property, plant and equipment

	Land and buildings	Plant and equipment	Poker machines	Greens & Equipment	Total
	\$	\$	\$	\$	\$
Non-current assets					
At 1 July 2019					
Cost	4,391,864	735,243	1,293,704	547,746	6,968,557
Accumulated depreciation	(2,028,041)	(537,045)	(989,064)	(227,290)	(3,781,440)
Net book amount	2,363,823	198,198	304,640	320,456	3,187,117
Year ended 30 June 2020					
Opening net book amount	2,363,823	198,198	304,640	320,456	3,187,117
Reallocation to Right-of-use assets on AASB 16 implementation	-	-	(192,303)	-	(192,303)
Additions	2,948	28,914	117,985	-	149,847
Disposals	(1,895)	(495)	-	-	(2,390)
Depreciation charge	(126,188)	(39,011)	(79,505)	(25,872)	(270,576)
Closing net book amount	2,238,688	187,606	150,817	294,584	2,871,695
At 30 June 2020					
Cost	4,384,500	745,941	1,109,977	547,746	6,788,164
Accumulated depreciation	(2,145,812)	(558,335)	(959,160)	(253,162)	(3,916,469)
Net book amount	2,238,688	187,606	150,817	294,584	2,871,695

Accounting policy**(a) Land and buildings**

Freehold land and buildings are carried at cost less any accumulated depreciation and any impairment in value.

(b) Plant and equipment, poker machines, greens and equipment

Each class of plant and equipment is carried at cost less any accumulated depreciation and any impairment in value.

(c) Depreciation

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Buildings	10 - 40 years
Plant and Equipment	2.5 - 10 years
Poker Machines	4 - 5 years
Greens and Equipment	5 - 13 years

(d) Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generating unit in which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Club would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as a separate line item.

Notes to the financial statements

For the year ended 30 June 2020

9 Leases

2020	2019
\$	\$

The Club leases several assets including poker machines, point-of-sale hardware, photocopier and the land situated under the Club carpark.

a) Right-of-use asset**Non-current**

Right-of-use assets

222,326	-
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Reconciliation of right-of-use assets**2020**

At 1 July 2019

Additions

Amortisation

30 June 2020

	Poker Machine Assets	Plant and Equipment	2020	2019
	\$	\$	\$	\$
At 1 July 2019	192,303	37,728	230,031	-
Additions	78,260	-	78,260	-
Amortisation	(68,669)	(17,296)	(85,965)	-
30 June 2020	201,894	20,432	222,326	-

b) Lease liabilities**Current**

Lease liabilities

Non-current

Lease liabilities

Total

98,129	17,824	115,953	-
90,281	3,379	93,660	-
188,410	21,203	209,613	-

Reconciliation of lease liabilities**2020**

At 1 July 2019

Additions

Interest expense

Lease payments

Net movement during year**30 June 2020**

	Poker Machine Assets	Plant and Equipment	2020	2019
	\$	\$	\$	\$
At 1 July 2019	179,976	37,728	217,704	-
Additions	78,260	-	78,260	-
Interest expense	817	2,299	3,116	-
Lease payments	(70,643)	(18,824)	(89,467)	-
Net movement during year	188,410	21,203	209,613	-

Accounting policy

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- an estimate of costs to be incurred in dismantling and removing the underlying asset;
- any initial direct costs incurred;

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Club's incremental borrowing rate. The weighted average incremental borrowing rate is 1.67%.

Notes to the financial statements

For the year ended 30 June 2020

9 Leases (continued)

The lease payment used in the calculation of the lease liabilities includes variable payments when they relate to an index or rate. Where leases contain variable lease payments based on an index or rate at a future point in time, the Club has only included the known CPI increases to date and not estimated future CPI-related increases.

The Club does not recognise leases that have a lease term of 12 months or less or are of low value as a right of use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Peppercorn Lease

The Club has entered into a lease agreement with Maitland City Council to lease the carpark adjacent to the Club. The Club has elected to apply a temporary exemption available which allows the associated right-of-use asset to be measured at cost and not fair value. As this lease is for \$1 annually (with a term of 12 months remaining), no lease liability or associated right of use asset has been recognised.

Reconciliation of lease liabilities at 1 July 2019	Poker Machine Assets	Plant and Equipment	Total
	\$	\$	\$
Financial liabilities as at 1 July 2019	192,303	-	192,303
Operating lease commitment as at 1 July 2019	-	46,405	46,405
Less: Adjust to be exclusive of GST	-	(4,219)	(4,219)
Gross lease liabilities as at 1 July 2019	192,303	42,186	234,489
Discounting	-	(4,458)	(4,458)
Lease liabilities as a result of the initial application of AASB 16	192,303	37,728	230,031

Notes to the financial statements

For the year ended 30 June 2020

10 Trade and other payables

	2020	2019
	\$	\$
Current		
Trade payables	200,972	189,920
GST payable	15,952	54,442
	<u>216,924</u>	<u>244,362</u>

Accounting policy

Trade and other payables, including accruals, are recorded initially at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing. Trade accounts payable are normally settled within 30 days.

11 Financial liabilities**Current***Secured*

Bank loans (i)	67,698	1,367,006
Insurance loans	33,437	38,456
Other Loans	-	126,484
Total secured financial liabilities	<u>101,135</u>	<u>1,531,946</u>

Non-current*Secured*

Bank loans (i)	1,149,457	-
Other Loans	-	96,429
Total secured financial liabilities	<u>1,149,457</u>	<u>96,429</u>

(i) Secured liabilities

The bank loans are secured by first mortgage over the Clubs non residential real property located at Clarke Street, Telarah as well as a general security interest in the assets of the Club.

Accounting policy

Financial liabilities are initially recognised at fair value, net of transaction costs incurred. Borrowing costs are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest rate method.

Financial liabilities are classified as non-current liabilities if the Club has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the financial statements

For the year ended 30 June 2020

12 Provisions

	2020	2019
	\$	\$
Current		
Employee entitlements (i) & (ii)	83,149	71,520
Members points liability	15,097	-
Jackpots	600	650
	<u>98,846</u>	<u>72,170</u>
Non-current		
Employee entitlements (ii)	9,548	6,840
	<u>9,548</u>	<u>6,840</u>

Accounting policy**(i) Annual leave**

Liabilities for annual leave expected to be settled within 12 months of the reporting date, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Any annual leave expected to be settled beyond 12 months of the reporting date is measured at the present value of expected future payments.

(ii) Long service leave

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore 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 expected future wage levels and period of service. Discount rates of the Australian bond rates matching the estimated future cash outflows have been used.

13 Other liabilities**Current**

Contract liabilities - membership income	2,819	9,017
Other liabilities	14,541	21,491
	<u>17,360</u>	<u>30,508</u>

Non-current

Contract Liabilities - membership income	6,911	6,595
	<u>6,911</u>	<u>6,595</u>

Accounting policy

Revenues received in advance are recorded as a contract liability if they are in relation to contracts with customers under AASB 15 and recognised as revenue when they are earned in future periods. Other revenue received in advance that is not covered by AASB 15 is recorded as other liabilities and is recognised as revenue when they are earned in future periods.

Notes to the financial statements

For the year ended 30 June 2020

14	Commitments	2020	2019
		\$	\$
(i)	<i>Capital Commitments</i>		
	Poker Machines	-	48,180
		-	48,180

15 **Contingent liabilities**

- (i) *Bank guarantee substituting for a security deposit for TAB facilities*

The Club has a bank guarantee for \$5,000 (2019: \$5,000) issued in favour of TAB Limited. The guarantee is provided by the Commonwealth Bank of Australia and is secured by a term deposit held with the Bank.

- (ii) *Creditor Claim*

The Club has received a claim from a supplier in the amount of \$43,250 which the Club is disputing. Limited correspondence has been received by the Club in relation to the matter, nor has the creditor commenced legal proceedings. The Directors are of the view that no amount is payable in relation to the claim.

16 **Related parties**

Transactions between related parties are on normal commercial terms and conditions, and are no more favourable than those available to other parties unless otherwise stated.

(a)	<i>Key management personnel compensation</i>	2020	2019
		\$	\$
	Total key management personnel benefits	103,272	119,156

17 **Critical accounting estimates and judgements**

Management is required to make judgements, estimates and assumptions about reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. 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 future periods if the revision affects both current and future periods.

Judgements made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next period are disclosed where applicable, in the relevant notes to the financial statements:

- Estimation of useful lives of non-current assets (notes 8 and 9) - The useful life of property, plant and equipment and right-of-use assets (where useful life is greater than the lease term) is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence. There is uncertainty in relation to this assumption as it is based on current legislation and conditions attached to the entitlements. The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 20 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Club's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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



Deborah Smith - Director



Hugh Morrison - Director

Telarah
21 September 2020

Independent auditor's report to the members of Telarah Bowling Club

Opinion

We have audited the financial report of Telarah Bowling Club (the Club) which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Club is in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the Clubs financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Club in accordance with the auditor independence requirements of the Corporations Act 2001 and 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 report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Club's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. The other information provided at the date of this report comprises the detailed profit and loss statement.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing further to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Club are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Club's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Club for the year ended 30 June 2020 included on the Club's web site. The Club's Directors are responsible for the integrity of the Club's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

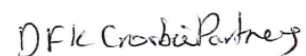
Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

21 September 2020
Newcastle West

Telarah Bowling Club

Detailed Profit and Loss Statement

Bar Trading



	2020 \$	2019 \$
Sales	735,910	847,822
LESS COST OF GOODS SOLD		
Opening Stock	16,990	16,706
Purchases	303,133	344,689
	<u>320,124</u>	<u>361,395</u>
Closing Stock	20,693	16,990
	<u>299,431</u>	<u>344,405</u>
GROSS PROFIT	<u>436,479</u>	<u>503,417</u>
LESS DIRECT EXPENSES		
Electricity & Gas	2,412	2,680
Freight And Cartage	4,307	4,953
Repairs And Maintenance	6,246	11,857
Replacements	1,007	922
Senpos Tills	24	9,271
Wages	185,297	207,374
	<u>199,293</u>	<u>237,057</u>
NET PROFIT	<u>237,186</u>	<u>266,360</u>

Telarah Bowling Club

Detailed Profit and Loss Statement

Poker Machine Operations



	2020 \$	2019 \$
Net Revenue	1,050,078	1,206,303
Gaming Tax Rebate	17,180	17,180
GROSS PROFIT	<u>1,067,258</u>	<u>1,223,483</u>
LESS DIRECT EXPENSES		
Depreciation	148,174	126,470
Gaming Machine Tax	43,387	91,596
Monitoring Expenses	21,314	25,966
Promotions	590	2,110
Jackpot	(8,870)	(1,508)
Repairs And Maintenance	16,258	23,165
Wages	75,000	90,000
	<u>295,853</u>	<u>357,799</u>
NET PROFIT	<u>771,405</u>	<u>865,684</u>
Poker Machine Operations		
Keno Commission	43,859	45,782
TAB Commission	14,053	19,384
	<u>57,912</u>	<u>65,166</u>
GROSS PROFIT	<u>57,912</u>	<u>65,166</u>
LESS DIRECT EXPENSES		
Repairs And Maintenance	2,019	3,040
Subscriptions	16,103	22,200
	<u>18,122</u>	<u>25,240</u>
NET PROFIT	<u>39,790</u>	<u>39,926</u>

Telarah Bowling Club

Detailed Profit and Loss Statement

Bowls Operations



	2020 \$	2019 \$
Sales:		
Match & Green Fees	6,120	4,551
Sponsorship & Advertising	9,409	2,782
	<u>15,529</u>	<u>7,333</u>
GROSS PROFIT	<u>15,529</u>	<u>7,333</u>
LESS DIRECT EXPENSES		
Affiliation Fees	4,440	4,385
Administration Costs	15,934	31,463
Catering	1,122	3,462
Depreciation	24,971	24,901
Prizes	9,745	3,742
Sub Clubs	26,221	34,557
Repairs And Maintenance	4,364	1,746
Wages	7,020	6,792
	<u>93,817</u>	<u>111,048</u>
NET PROFIT (LOSS)	<u>(78,288)</u>	<u>(103,715)</u>
TOTAL TRADING PROFIT	970,093	1,068,255
Other Income		
Interest Received	139	71
Insurance Recoveries	9,173	20,013
Government Stimulus Payment	50,910	-
JobKeeper	107,250	-
Commissions:		
Cigarette Machine	54	206
Other	1,309	2,127
ATM	24,805	26,838
Pool Tables	1,647	3,166
Commissions	-	358
	<u>27,815</u>	<u>32,695</u>
Sundry Income	18,600	3,945
Sub Club	26,118	34,285
Raffles	139,902	170,799
Rent	14,900	18,850
Room Hire	10,051	15,124
Subscriptions	28,328	16,274
Profit on sale of non-current assets	20,000	17,770
TOTAL INCOME	<u>1,423,279</u>	<u>1,398,081</u>

Telarah Bowling Club

Detailed Profit and Loss Statement

Expenses



	2020 \$	2019 \$
CLUBHOUSE		
Contractors	55,322	68,871
Depreciation	183,395	171,837
Electricity & Gas	78,189	95,574
Repairs And Maintenance	32,425	52,484
Waste Disposal	8,849	-
Total Clubhouse	<u>358,180</u>	<u>388,766</u>
ADMINISTRATION		
Advertising	8,757	5,059
Bank Charges	2,915	1,438
Computer Costs	25,280	24,550
Donations	857	5,121
Provision for Long Serv Leave	6,508	4,484
General Expenses	5,800	2,867
Insurance	93,472	90,189
Loss on Disposal of Assets	2,390	5,473
Printing And Stationery	11,439	8,882
Professional Fees	24,948	23,984
Rates And Taxes	18,284	17,561
Rent Photocopier	251	6,001
Security Costs	13,030	11,586
Staff Training And Welfare	9,709	4,991
Subscriptions - General	14,218	15,827
Superannuation Contributions	46,518	56,769
Telephone	3,977	5,097
Uniforms	514	244
Wages - Administration	102,065	130,213
Wages - Door	42,346	49,070
Wages - Jobkeeper	86,670	-
Total Administration	<u>231,081</u>	<u>179,283</u>

Telarah Bowling Club

Detailed Profit and Loss Statement

Expenses



	2020 \$	2019 \$
BORROWING COSTS		
Interest Paid	4,108	7,879
Interest - Loan	90,666	113,079
Total Borrowing Costs	94,774	120,958
MEMBERS AMENITIES		
Entertainment Expenses	42,269	34,689
Bus Expenses	34,767	45,565
Member Expenses	179,733	215,126
Promotions	17,912	25,361
Subscriptions - Foxtel	17,465	24,482
Total Members Amenities	292,146	345,223
TOTAL EXPENSES	1,265,048	1,324,353
NET OPERATING PROFIT (LOSS)	158,231	73,728