

Warners Bay Bowling Club Co-Operative Limited

ABN: 39 189 285 833

Financial Statements

For the Year Ended 30 June 2020

Warners Bay Bowling Club Co-Operative Limited

ABN: 39 189 285 833

Directors' Report 30 June 2020

The directors present their report on Warners Bay Bowling Club Co-Operative Limited for the financial year ended 30 June 2020.

1. General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Phillip Stone	
Qualifications	Retired
Col Douglas	Resigned January 2020
Qualifications	Retired
Keith Taylor	
Qualifications	Retired
Robert Cass	
Qualifications	Retired
Wilhelm Shaeffer	Did not stand at AGM
Qualifications	Retired
John Cupples	Resigned March 2020
Qualifications	Retired
Stephen Mullins	Did not stand at AGM
Qualifications	Retired
Paula Braidwood	
Qualifications	Retired
Mavis Crameri	Appointed at AGM
Qualifications	Retired
Garrie Hall	Appointed February 2020
Qualifications	Retired

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of Warners Bay Bowling Club Co-Operative Limited during the financial year was operating a registered club, promoting the game of lawn bowls and providing amenities to members and their guests.

No significant changes in the nature of the Club's activity occurred during the financial year.

Warners Bay Bowling Club Co-Operative Limited

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Directors' Report

30 June 2020

2. Other Items

Future Development and Results

Likely developments in the operations of the Club and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Club.

Meetings of directors

During the financial year, 10 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Phillip Stone	10	9
Col Douglas	5	5
Keith Taylor	10	10
Robert Cass	10	9
Wilhelm Shaeffer	2	1
John Cupples	5	5
Stephen Mullins	6	6
Paula Braidwood	10	10
Mavis Cramerl	8	8
Garrie Hall	4	4

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 has been received and can be found on page 4 of the financial report.

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

Director:
Phillip Stone

Director:
Keith Taylor

Dated this 27th day of October 2020

Warners Bay Bowling Club Co-Operative Limited

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue	5	1,355,551	1,481,818
Other		-	692,624
Raw materials and consumables used		(232,487)	(323,809)
Bar Expenses		(174,643)	(230,601)
Poker Machine Expenses		(61,716)	(62,576)
Members Amenities Expenses		(212,487)	(300,931)
Bowling Expenses		(83,455)	(73,926)
Greens Expenses		(47,717)	(76,489)
Clubhouse Expenses		(299,134)	(343,681)
Administration Costs		(358,138)	(338,973)
Profit before income tax		(114,226)	423,456
Income tax expense		-	-
Profit from continuing operations		(114,226)	423,456
Profit for the year		(114,226)	423,456
Other comprehensive income, net of income tax			
Total comprehensive income for the year		(114,226)	423,456

The accompanying notes form part of these financial statements.

Warners Bay Bowling Club Co-Operative Limited

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Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Retained Earnings	General Reserve	Total
Note	\$	\$	\$
Balance at 1 July 2019	1,118,156	1,948	1,120,104
Profit/ (Loss) attributable to members of the parent entity	(114,226)	-	(114,226)
Prior year adjustment	(6,242)	-	(6,242)
Transactions with owners in their capacity as owners			
Balance at 30 June 2020	<u>997,688</u>	<u>1,948</u>	<u>999,636</u>

2019

	Retained Earnings	General Reserve	Total
Note	\$	\$	\$
Balance at 1 July 2018	694,700	1,948	696,648
Profit/ (Loss) attributable to members of the parent entity	423,456	-	423,456
Transactions with owners in their capacity as owners			
Balance at 30 June 2019	<u>1,118,156</u>	<u>1,948</u>	<u>1,120,104</u>

The accompanying notes form part of these financial statements.

Warners Bay Bowling Club Co-Operative Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Basis of Preparation

The financial report covers Warners Bay Bowling Club Co-Operative Limited as an individual entity. Warners Bay Bowling Club Co-Operative Limited is a not for profit entity, incorporated and domiciled in Australia.

The functional and presentation currency of Warners Bay Bowling Club Co-Operative Limited is Australian dollars.

The financial statements are general purpose financial statements that have been prepared in accordance with the Cooperatives National Law (NSW) 2014 and Australian Accounting Standards - Reduced Disclosure Requirements .

Impact of COVID-19 on Club Operations

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 ("COVID-19") a pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

During the week beginning 16 March 2020, the Australian Government together with State and Territory Premiers announced a series of measures aimed at preventing the spread of COVID-19, which had the effect of impacting the state of the Australian economy (i.e. impact on supply chain, customers, availability of finance, consumer confidence, etc).

Subsequent to these measures on 22 March 2020 it was announced that all registered clubs were to cease operating from midday the following day. The Club followed this directive and management stood down the vast majority of permanent and casual staff.

The Board and Management have implemented a range of operational and financial strategies in order to minimise the impact of this enforced closure including, but not limited to:

- Accessing available NSW and federal government stimulus measures to assist with the Club's cashflow.
- Employing government initiatives, in particular with respect to ensuring that our employees can remain employed at the Club via JobKeeper payments.
- Cashflow tightening measures to ensure ongoing adequate cash reserves to trade through the impact, including reduction of operational expenditure and stalling of discretionary major projects at this time. Management have suspended and / or reduced contracts and supplier payments where possible.

2 Change in Accounting Policy

Revenue from Contracts with Customers - Adoption of AASB 15

The Club has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Club has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. No adjustments to retained earnings at 1 July 2019 was required on adoption of AASB 15 and AASB 1058.

The key changes to the Club's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

Warners Bay Bowling Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Change in Accounting Policy

Leases - Adoption of AASB 16

Impact of adoption of AASB 16

- A single discount rate was applied to all leases with similar characteristics;
- Excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- For leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 1 July 2019.

All lease agreements held by the Club as at 1 July 2019 are considered short term leases or leases of low value assets. As such no reclassification was required in respect of lease agreement in effect as at that time and no existing right to use assets were required to be brought to account in respect of those lease agreements.

3 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

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

(c) Inventories

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

(d) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

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Notes to the Financial Statements For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(f) Intangibles

Poker machine entitlements

Poker machine entitlements are recognised at cost of acquisition. Directors have assessed that poker machine entitlements have an indefinite useful life. These assets are tested annually for impairment and carried at cost less accumulated depreciation.

(g) Cash and cash equivalents

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

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(h) Employee benefits

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(i) Going concern

Deficiency in working capital

As at 30 June 2020 current assets of the Club were \$211,966 compared to current liabilities of \$319,000 representing a deficiency in working capital of \$107,034.

The directors have considered the going concern basis appropriate with consideration to the following:

- The Club has access to an overdraft lending facility of \$30,000 of which \$24,422 is unused at year-end
- The Directors and management have overseen a number of major renovations and improvement to Clubhouse facilities that are expected to result in increased patronage for the financial year 2021
- The Club has put in place a detailed cashflow budget for the 2021 financial year which supports the clubs ability to maintain a cash surplus whilst continuing to meet the terms and conditions of its financial obligations.

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Notes to the Financial Statements For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(j) Revenue and other income

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Club are:

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Company gains control of the asset.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Gaming Machine Income

Gaming machine revenue is recognised at the point of sale and represents the difference between the amounts earned through gaming wagers less the payouts from those wagers. Liabilities are recognised for anticipated payouts for progressive jackpots

(k) Leases

For comparative year

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Club are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

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Notes to the Financial Statements For the Year Ended 30 June 2020

4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Key estimates - property, plant and equipment residual values and useful lives

These assets are written down to their estimated residual value over their anticipated useful lives using either the straight-line or diminishing value basis. Management reviews residual values annually considering market conditions and disposal values.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - revenue recognition - tower lease

The Club has a telecommunications tower lease which spans a number of reporting periods. Recognition of revenue in relation to this contract is on a straight line basis. This assumption is based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

5 Revenue and Other Income

Revenue from continuing operations

	2020	2019
	\$	\$
Sales revenue	598,209	783,178
- Bar sales	309,120	394,772
- Poker machine revenue	81,414	120,816
- Raffle income	2,400	3,642
- Interest received	364,408	179,410
- Other trading revenue		
	<u>1,355,551</u>	<u>1,481,818</u>
Other revenue	-	668,504
- Net gain on sale of land	-	24,120
- Gain on disposal of assets	-	
		<u>692,624</u>
Total Revenue	<u>1,355,551</u>	<u>2,174,442</u>

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Notes to the Financial Statements For the Year Ended 30 June 2020

11 Right of Use Assets

The Club has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

The Club has tenure over the land at 5 & 6 Charles Street, Warners Bay on which the Clubhouse and greens are situated. The current lease with the Lake Macquarie City Council commenced on 1 September 2019 and expires on 31 August 2040 with rent calculated annually as the lessor of \$3,000 and 1% of annual bar and gaming revenue. The directors have elected not to obtain a formal market valuation with respect to the rent stipulated by the lesser. In accordance with the exception contained within 'AASB2018 - Amendments to Australian Accounting Standards - Right-of-Use-Assets of Not-for-Profit Entities', the Club has elected to disclose this lease on a cost basis.

	Land \$	Total \$
Year ended 30 June 2020		
Opening balance	-	-
Additions of right-of-use assets	251,331	251,331
Depreciation charge	-	-
Balance at end of year	<u>251,331</u>	<u>251,331</u>

12 Property, plant and equipment

	2020 \$	2019 \$
Capital works in progress		
At cost	-	5,450
Buildings, carparks & greens		
At cost	2,183,363	2,146,214
Accumulated depreciation	(1,511,181)	(1,403,823)
Total buildings, carparks and greens	<u>672,182</u>	<u>742,391</u>
Total land and buildings	<u>672,182</u>	<u>747,841</u>
Plant and Equipment		
Poker machines		
At cost	626,569	619,605
Accumulated depreciation	(434,112)	(377,135)
Total poker machines	<u>192,457</u>	<u>242,470</u>
Other plant & equipment		
At cost	1,171,956	1,157,350
Accumulated depreciation	(964,199)	(922,311)
Total other plant & equipment	<u>207,757</u>	<u>235,039</u>
Total plant and equipment	<u>400,214</u>	<u>477,509</u>
Total property, plant and equipment	<u>1,072,396</u>	<u>1,225,350</u>

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Notes to the Financial Statements For the Year Ended 30 June 2020

15	Borrowings		
	Total borrowings	<u>428,228</u>	<u>376,313</u>
16	Employee Benefits		
		2020	2019
		\$	\$
	Current liabilities		
	Provision for annual leave	<u>3,746</u>	<u>9,627</u>
	Non-current liabilities		
	Provision for long service leave	<u>14,559</u>	<u>10,851</u>
17	Other Financial Liabilities		
	CURRENT		
	Deferred income	15,825	16,437
	Other financial liabilities	318	2,564
	Total	<u>16,143</u>	<u>19,001</u>

18 Reserves

General reserve

The general reserve records funds set aside for future expansion of Warners Bay Bowling Club Co-Operative Limited.

19 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Warners Bay Bowling Club Co-Operative Limited during the year are as follows:

The total remuneration paid to key management personnel of the Club is \$56,457 (2019: \$46,103).

20 Contingencies

The Club has a bank guarantee for \$5,000 in connection with its TAB facilities installed in favour of TABCORP LTD. This guarantee is secured by a fixed and floating charge over the whole of the assets of the Club including goodwill and uncalled capital and called but unpaid capital together with relative insurance policy assigned to the NAB, registered mortgage over the property situated at 2 John Street, Warners Bay and mortgage over lease of premises situated at 7 Charles Street, Warners Bay.

21 Related Parties

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

22 Events after the end of the Reporting Period

The financial report was authorised for issue on 29 November 2020 by the Board of Directors.

Warners Bay Bowling Club Co-Operative Limited


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Directors' Declaration

The directors of the Club declare that:

1. The financial statements and notes, as set out on pages 5 to 22, are in accordance with the Co-operatives National Law (NSW) 2014 and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Club.
2. In the directors' opinion, 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 Board of Directors.

Director 
Phillip Stone

Director 
Keith Taylor

Dated 27/10/2020

27/10/2020

Warners Bay Bowling Club Co-Operative Limited

Independent Audit Report to the members of Warners Bay Bowling Club Co-Operative Limited

Responsibilities of Directors for the Financial Report

The directors of the Co-Operative 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 *Co-operative National Law 2014* 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 Co-Operative'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 Co-Operative or to cease operations, or have no realistic alternative but to do so.

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 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-Operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.