



**Kurri Kurri Bowling Club
Limited**

ABN 32 000 796 501

**Annual Financial Report
for the year ended 31 May 2020**

Annual financial report for the year ended 31 May 2020

Contents

	Page
Directors' report	3
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
Directors' declaration	21
Independent auditor's report to the members	22

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

The financial statements were authorised for issue by the Directors on 30 July 2020. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Kurri Kurri Bowling Club Limited (the Club) for the year ended 31 May 2020.

Directors details

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

G Musgrove

President
Director since 2018
Retired, Business Owner

I Mann

Junior Vice President
Director since 2018
Retired, Fitter

D Bower

Director
Director since 2009
Retired, Miner

R Mulcahy

Director
Director since 2018
Retired, Company Manager

P Shaw

Senior Vice President
Director since 2013
Retired, Miner

K Fenwick

Treasurer
Director since 2018
Retired, School Teacher

R Manners

Director
Director since 2018
Retired, Registered Nurse

D Johns

Director
Director since 2018
Retired, Accountant

Company secretary

Peter Fairbairn is the the Company Secretary Manager. Peter has held senior positions with a number of Clubs and has a Degree in Business. Peter has been a Company Secretary of Kurri Kurri Bowling Club Limited for 3 years.

Director's meetings

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

Board members	Board meetings	
	A	B
G Musgrove	9	9
P Shaw	9	9
I Mann	9	9
D Bower	9	7
K Fenwick	9	9
R Manners	9	7
R Mulcahy	9	9
D Johns	9	8

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 31 May 2020, the following land and buildings are considered to be core property:

- Tarro Street, Kurri Kurri

Principal activities

During the year, the principal activities of the Club were the running of the Club in accordance with its objectives for the benefit of its members.

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 any 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.

Short and long-term objectives

The Club's short and long-term objectives are to:

- provide the best facilities available to members and their guests, including the promotion of the game of bowls.

Strategy for achieving short and long-term objectives

To achieve these objectives the Club has adopted the following strategies:

- (a) maintain or increase existing revenue levels and control costs to return to profitability which will allow the Club's premises to be continually improved.

Performance measurement

The Club measures its performance through both financial and non financial key performance indicators that have been developed relevant to the club industry.

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 \$2 each towards meeting any outstanding obligations of the Club. At balance date the total amount that members of the Club are liable to contribute if the Club wound up is \$10,702 (2019: \$10,642).

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.



G Musgrove - Director



K Fenwick - Director

Dated: 30 July 2020

Auditor's independence declaration

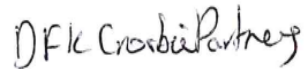
To the Directors of Kurri Kurri Bowling Club Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Kurri Kurri Bowling Club Limited for the year ended 31 May 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 section 307C of 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: 30 July 2020
Newcastle

Statement of profit or loss and other comprehensive income

For the year ended 31 May 2020

		2020	2019
		\$	\$
Revenue from continuing operations	Notes 2	5,489,248	6,649,939
Other Income	3	415,684	29,798
Bar cost of goods sold		(389,418)	(467,699)
Bar direct expenses		(248,272)	(336,797)
Bistro cost of goods sold		(333,970)	(385,446)
Bistro direct expenses		(444,395)	(557,572)
Coffee shop cost of goods sold		(33,993)	(38,956)
Coffee shop direct expenses		(44,357)	(69,005)
Gaming direct expenses		(1,157,399)	(1,384,947)
Bowls direct expenses		(295,219)	(304,780)
Administration and clubhouse expenses		(2,502,600)	(2,510,720)
Finance costs		(28,141)	(41,109)
		(5,477,764)	(6,097,031)
Profit / (loss) before income tax		427,168	582,706
Income tax expense		-	-
Profit / (loss) for the year		427,168	582,706
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		427,168	582,706

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 31 May 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	473,372	470,802
Trade receivables	5	9,664	9,362
Inventories	6	60,892	75,120
Financial assets at amortised cost	7	164,938	-
Other assets	8	12,487	19,045
Total current assets		721,353	574,329
Non-current assets			
Property, plant and equipment	9	5,368,669	4,520,149
Intangible assets	10	126,000	126,000
Right-of-use asset	11 (a)	152,274	-
Total non-current assets		5,646,943	4,646,149
Total assets		6,368,296	5,220,478
LIABILITIES			
Current liabilities			
Trade and other payables	12	647,799	500,230
Financial liabilities	13	648,430	325,672
Provisions	14	395,135	325,548
Other liabilities	15	1,205	6,931
Lease liabilities	11 (b)	63,645	39,420
Total current liabilities		1,756,214	1,197,801
Non-current liabilities			
Financial liabilities	13	210,796	50,965
Provisions	14	23,695	25,544
Lease liabilities	11 (b)	73,240	68,985
Total non-current liabilities		307,731	145,494
Total liabilities		2,063,945	1,343,295
Net assets		4,304,351	3,877,183
MEMBERS FUNDS			
Retained profits		4,304,351	3,877,183
Total members funds		4,304,351	3,877,183

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

Statement of changes in equity

For the year ended 31 May 2020

	Retained Profits \$	Total \$
Balance at 1 June 2018	3,294,477	3,294,477
Profit for the year	582,706	582,706
Total comprehensive income for the year	582,706	582,706
Balance at 31 May 2019	3,877,183	3,877,183
Profit for the year	427,168	427,168
Total comprehensive income for the year	427,168	427,168
Balance at 31 May 2020	4,304,351	4,304,351

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

Statement of cash flows

For the year ended 31 May 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from members and customers		6,160,598	7,330,581
Payments to suppliers and employees		(5,589,442)	(6,276,783)
Interest received		24	-
Interest paid		(28,141)	(41,109)
Grants Received		149,000	-
Net cash inflow (outflow) from operating activities		692,039	1,012,689
Cash flows from investing activities			
Payments for property, plant and equipment		(1,137,723)	(392,922)
Proceeds from sale of property, plant and equipment		36,690	28,000
Payments for intangibles		-	(126,000)
Net cash inflow (outflow) from investing activities		(1,101,033)	(490,922)
Cash flows from financing activities			
Proceeds from borrowings		749,332	196,712
Repayment of borrowings		(268,939)	(368,110)
Repayment of lease liabilities		(45,700)	-
Net cash inflow (outflow) from financing activities		434,693	(171,398)
Net increase in cash and cash equivalents		2,570	350,369
Cash and cash equivalents at the beginning of the financial year		470,802	120,433
Cash and cash equivalents at the end of the financial year		473,372	470,802

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

Notes to the financial statements

For the year ended 31 May 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. Kurri Kurri Bowling Club Limited (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 June 2019:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*

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 June 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 June 2019.

The adoption has impacted the accounts 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 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 loyalty program on 1 June 2019 and 31 May 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 June 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 31 May 2020

(c) New and amended standards adopted by the (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 annual financial statements as follows:

As a result of the adoption of AASB 16, the Club has reclassified obligations and assets relating to finance lease liabilities with the following effects on the Statement of Financial Position:

- The reclassification of poker machines from property plant and equipment to right-of-use assets of \$111,974;
- The reclassification of lease liabilities from financial liabilities at amortised cost to lease liabilities of \$107,310.

(d) Working capital deficiency

As at 31 May 2020, Kurri Kurri Bowling Club Limited has a working capital deficiency of \$1,034,861

The working capital deficiency is caused by the following being classified as current liabilities:

- (a) the entire NAB Loan of \$579,962 being included as a current liability as the Club does not have an unconditional right to defer settlement for a period of at least 12 months, however the Directors do not expect to be required to repay the full drawn amounts on the facility within the next 12 months.
- (b) employee leave entitlements of \$395,135 which is included as a current liability, however the Directors do not expect to be required to settle the full amount owing to employees within the next 12 months.

The Directors believe the above working capital deficiency will be satisfied through:

- (a) Recent trading performance of the Club which has recorded a net profit of \$427,168 and positive operating cashflows of \$692,039 in the current year.
- (b) The Directors' consider that trading conditions will continue to remain strong (following the re-opening of the Club post the COVID-19 shutdown), while continued controlling of costs is also anticipated and it is expected the Club will generate sufficient cashflow to cover immediate obligations.
- (c) The Club has access to an overdraft facility of \$200,000 which is available to meet short term cash requirements.
- (d) The Club has access to an asset financing facility of \$530,000 of which approximately \$250,858 is unused at year end which could be utilised for investment in property, plant and equipment to ensure the club remains an attractive venue for patrons.
- (e) The Club has an business term lending facility of \$680,000 with the NAB of which \$100,038 remains unused as at 31 May 2020
- (f) The Club expects to continue to receive support from its financiers and suppliers.

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.

(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.

Notes to the financial statements

For the year ended 31 May 2020

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:

	Food and beverage Income	Gaming income	Membership income	Raffle and bingo income	Bowling revenue	Other income	Total
2020	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	1,798,025	3,211,208	27,870	320,793	30,174	83,998	5,472,068
Other revenue (not covered by AASB15)	-	17,180	-	-	-	-	17,180
	<u>1,798,025</u>	<u>3,228,388</u>	<u>27,870</u>	<u>320,793</u>	<u>30,174</u>	<u>83,998</u>	<u>5,489,248</u>

Timing of revenue recognition

At a point in time	1,798,025	3,228,388	-	320,793	30,174	83,998	5,461,378
Over time	-	-	27,870	-	-	-	27,870
	<u>1,798,025</u>	<u>3,228,388</u>	<u>27,870</u>	<u>320,793</u>	<u>30,174</u>	<u>83,998</u>	<u>5,489,248</u>

	Food and beverage Income	Gaming income	Membership income	Raffle and bingo income	Rental income	Other income	Total
2019	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	2,215,808	3,944,046	24,006	352,976	20,784	75,139	6,632,759
Other revenue (not covered by AASB15)	-	17,180	-	-	-	-	17,180
	<u>2,215,808</u>	<u>3,961,226</u>	<u>24,006</u>	<u>352,976</u>	<u>20,784</u>	<u>75,139</u>	<u>6,649,939</u>

Timing of revenue recognition

At a point in time	2,215,808	3,961,226	-	352,976	20,784	75,139	6,625,933
Over time	-	-	24,006	-	-	-	24,006
	<u>2,215,808</u>	<u>3,961,226</u>	<u>24,006</u>	<u>352,976</u>	<u>20,784</u>	<u>75,139</u>	<u>6,649,939</u>

Notes to the financial statements

For the year ended 31 May 2020

(c) Accounting policies and significant judgements

The Club 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 Club is or expects to be entitled in exchange for those goods or services.

The Club 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 Club 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 - food and beverage

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

(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 members and guests is recognised at a point in time when the wagering transaction has been completed.

(iii) Provision of services - membership income

The Club generates revenue from membership fees where customers purchase a membership subscription at the Club, with fees payable in advance. The period of membership is usually 1 June to 31 May. Only those member fee receipts that are attributable to the current financial year are recognised as revenue.

Fee receipts for periods beyond the current financial year are shown in the Statement of Financial Position under the heading of Current Liabilities as Other liabilities.

(iv) Provision of services - raffle and bingo income

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

(v) Provision of services - bowls revenue

Bowls revenue comprises greens fees and competition fees and is recognised at a point in time when the game of bowls has been completed as at this point the performance obligations have been satisfied.

3 Other income and expense items

	2020	2019
	\$	\$
(a) Other income		
Insurance recoveries	85,262	5,082
Interest Income	24	-
Government stimulus rebate	50,000	-
Government JobKeeper payment subsidy	219,214	-
Wage subsidy	26,677	1,650
Gain on disposal of fixed assets	34,507	23,066
	<u>415,684</u>	<u>29,798</u>

(i) Other income

The Club recognises other income when it becomes receivable.

(ii) Interest income

Interest income is recognised on an accruals basis.

Notes to the financial statements

For the year ended 31 May 2020

3 Other income and expense items (continued)	2020	2019
	\$	\$
(b) Other expenses		
Employee Benefits Expense	2,080,978	2,130,293
Interest costs	28,141	41,109
4 Cash and cash equivalents		
Current		
Cash and Cash Equivalents	473,372	470,802
	<u>473,372</u>	<u>470,802</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 Trade receivables

Current		
Trade receivables	9,664	9,362
	<u>9,664</u>	<u>9,362</u>

Accounting policy

Trade receivables are recognised initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Club holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost. Trade receivables are generally due within 30 days from the date of recognition.

6 Inventories

Current		
Stock on hand	60,892	75,120
	<u>60,892</u>	<u>75,120</u>

Accounting policy

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

7 Financial assets at amortised cost

Current		
Other receivables	141,809	-
GST receivable	23,129	-
	<u>164,938</u>	<u>-</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.

8 Other assets

Current		
Prepayments	12,487	19,045
	<u>12,487</u>	<u>19,045</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 31 May 2020

9 Property, plant and equipment

	Land and buildings \$	Plant and equipment \$	Poker machines \$	Capital WIP \$	Total \$
Non-current assets					
At 1 June 2019					
Cost	6,355,640	2,327,516	2,125,226	-	10,808,382
Accumulated depreciation	2,544,927	1,962,394	1,780,912	-	6,288,233
Net book amount	<u>3,810,713</u>	<u>365,122</u>	<u>344,314</u>	<u>-</u>	<u>4,520,149</u>
Year ended 31 May 2020					
Opening net book amount	3,810,713	365,122	344,314	-	4,520,149
Reallocation to Right-of-use assets on AASB 16 implementation	-	-	(111,974)	-	(111,974)
Additions	799,675	144,976	406,327	19,350	1,370,328
Disposals	-	-	2,183	-	2,183
Depreciation charge	154,148	105,234	148,269	-	407,651
Closing net book amount	<u>4,456,240</u>	<u>404,864</u>	<u>488,215</u>	<u>19,350</u>	<u>5,368,669</u>
Year ended 31 May 2020					
Cost	7,155,315	2,461,590	2,221,443	19,350	11,857,698
Accumulated depreciation	2,699,075	2,056,726	1,733,228	-	6,489,029
Net book amount	<u>4,456,240</u>	<u>404,864</u>	<u>488,215</u>	<u>19,350</u>	<u>5,368,669</u>

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

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

(b) Plant 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	5 - 40 years
Plant & Equipment	4 - 40 years
Poker Machines	4 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 31 May 2020

10 Intangible assets

Non-current assets	Poker machine entitlements \$	Total \$
As at 31 May 2019		
Cost	126,000	126,000
Accumulated amortisation	-	-
Net book amount	<u>126,000</u>	<u>126,000</u>
Year ended 31 May 2020		
Opening net book amount	126,000	126,000
Additions	-	-
Amortisation charge	-	-
Disposals	-	-
Closing net book amount	<u>126,000</u>	<u>126,000</u>
As at 31 May 2020		
Cost	126,000	126,000
Accumulated amortisation	-	-
Net book amount	<u>126,000</u>	<u>126,000</u>

Accounting policy

Poker machine entitlements are intangible assets acquired separately and are capitalised at cost, the useful lives of these intangible assets are assessed to be indefinite. These are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired.

The value shown for the Poker machine entitlements, being their cost plus transaction costs, were tested for impairment having regard to the market value of such entitlements and the cash flow generated from holding these assets, with no impairment loss adjustment required.

Notes to the financial statements

For the year ended 31 May 2020

11 Leases

2020	2019
\$	\$

The Club leases several assets including various poker machines.

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

Right-of-use assets

Reconciliation of right-of-use assets**2020**

At 1 June 2019

Additions

Amortisation

31 May 2020

Poker Machines	Total	Total
\$	\$	\$
111,974	111,974	-
74,180	74,180	-
33,880	33,880	-
152,274	152,274	-

b) Lease liabilities**Current**

Lease liabilities

Non-current

Lease liabilities

Total

63,645	63,645	39,420
73,240	73,240	68,985
136,885	136,885	108,405

Reconciliation of lease liabilities**2020**

At 1 June 2019

Additions

Interest expense

Lease payments

Reallocation to lease liabilities on AASB 16 implementation

Net movement during year**31 May 2020**

Poker Machines	Total	Total
\$	\$	\$
108,405	108,405	-
74,180	74,180	-
1,385	1,385	-
(47,085)	(47,085)	-
-	-	108,405
28,480	28,480	108,405
136,885	136,885	108,405

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 4%.

Notes to the financial statements

For the year ended 31 May 2020

11 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.

Reconciliation of lease liabilities at 1 June 2019	Poker Machines	Total
	\$	\$
Financial liabilities as at 1 June 2019	108,405	108,405
Lease liabilities as a result of the initial application of AASB 16	108,405	108,405

12 Trade and other payables

	2020	2019
	\$	\$
Current		
Trade and other payables	647,799	467,170
GST payable	-	33,060
	647,799	500,230

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.

13 Financial liabilities**Current***Secured*

NAB loans (i)	579,962	280,000
Gaming system loan (ii)	46,866	-
Hire purchase liability (ii)	19,406	45,672
Total secured financial liabilities	646,234	325,672

Unsecured

Other financial liabilities	2,196	-
Total unsecured financial liabilities	2,196	-
	648,430	325,672

Non-current*Secured*

Gaming system loan (ii)	176,073	-
Hire purchase liability (ii)	34,723	50,965
Total secured financial liabilities	210,796	50,965

(i) Secured liabilities

The NAB loans are secured by first mortgages over the Club's non residential real property located at 3-7 Tarro St, and a security interest and charge over the whole of the assets and undertakings including uncalled capital of the Club.

(ii) Other secured liabilities

The gaming system loan and hire purchase are secured by a fixed charge over the specific assets that are financed.

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 current liabilities unless the Club has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the financial statements

For the year ended 31 May 2020

14 Provisions

	2020	2019
	\$	\$
Current		
Employee entitlements (i) & (ii)	395,135	325,548
	<u>395,135</u>	<u>325,548</u>
Non-current		
Employee entitlements (ii)	23,695	25,544
	<u>23,695</u>	<u>25,544</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.

15 Other liabilities**Current**

Contract liabilities - membership income	-	5,566
Other liabilities	1,205	1,365
	<u>1,205</u>	<u>6,931</u>

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 31 May 2020

16	Commitments	2020	2019
		\$	\$
(i)	<i>Capital Commitments</i>		
	Poker Machines and Gaming System	-	246,700
	Clubhouse Improvements	-	89,946
		<u>-</u>	<u>336,646</u>

17 **Contingent liabilities**

Bank guarantee substituting for a security deposit for TAB facilities	<u>5,000</u>	<u>5,000</u>
---	--------------	--------------

18 **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	<u>166,207</u>	<u>147,888</u>

19 **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 9, 10, and 11 (a)) - 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. The useful life of poker machine entitlements classified as an intangible asset has been assessed as indefinite. 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 31 May 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.



G Musgrove - Director



K Fenwick - Director

Kurri Kurri
30 July 2020

Independent auditor's report to the members of Kurri Kurri Bowling Club Limited

Opinion

We have audited the financial report of Kurri Kurri Bowling Club Limited (the Club) which comprises the statement of financial position as at 31 May 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 31 May 2020 and of its financial performance for the year then ended; and
- (ii) complying with 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.

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 31 May 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.

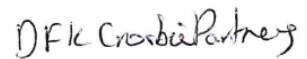
Auditor's responsibilities for the audit of the financial report

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

30 July 2020
Newcastle

Newcastle | Sydney

Liability limited by a scheme approved under the Professional Standards legislation.