

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2020.

Directors

The names of directors in office at any time during or since the end of the year are:

| | |
|------------------------------------|--|
| Steve Fairfull | Norma Austin (resigned 24.11.19 appointed 2.12.19) |
| Michael Gates (appointed 24.11.19) | Colin Smith (appointed 24.11.19) |
| Steve Davies (appointed 24.11.19) | Peter Lomas (appointed 24.11.19, resigned 2.12.19) |
| Gary Jackson (resigned 24.11.19) | Robert Hipwell (resigned 24.11.19) |
| Michael Cronin (resigned 24.11.19) | |

Principal Activities

The principal activities of the company during the financial year was that of a registered licensed bowling club.

There were no significant changes in the nature of the company's principal activities during the financial year.

Operating Results

The profit of the company after providing for income tax amounted to \$744,872 (2019 profit \$244,933).

Review of Operations

Gross profit from bar trading amounted to \$498,336 and a gross profit percentage of 53.5% was obtained from ales of \$931,559. Net gaming profit amounted to \$1,650,048 compared to \$2,069,168 last year.

During the year the company sold the motel which resulted in a profit on disposal of \$647,768.

Significant Changes in State of Affairs

No significant changes in the state of affairs of the company occurred during the financial year.

After Balance Date Events

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

Future Developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923

DIRECTORS' REPORT

Information on Directors

| | | |
|-----------------------|---|---|
| Steve Fairfull | — | Chairperson |
| Experience | — | Mr Fairfull has been a director since March 2019. |
| Colin Smith | — | Director |
| Experience | — | Mr Smith was appointed as a director November 2019. |
| Michael Gates | — | Director |
| Experience | — | Mr Hipwell was appointed as a director November 2019. |
| Steve Davies | — | Director |
| Experience | — | Mr Davies was appointed as a director November 2019. |
| Norma Austin | — | Director |
| Experience | — | Mrs Austin for the past 28 years has held the position of Secretary and Delegate of the Womens Bowling. Mrs Austin has previously held the position of treasurer. |

Members guarantee

East Cessnock Bowling Club Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$8.40, subject to the provisions of the Club's constitution.

At 30 June 2020 the number of members was 6178 (2019: 7139)

Directors'and Executive Officers' Emoluments

Since the end of the previous financial year no director of the company has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors' shown in the accounts, or the fixed salary of a full time employee of the company or a related corporation, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REPORT

Meetings of Directors

During the financial year, 12 meetings of directors (including committees) were held. Attendances were:

| | BOARD OF DIRECTORS | |
|----------------|----------------------------------|------------------------|
| | Number eligible to attend | Number Attended |
| Robert Hipwell | 5 | 5 |
| Gary Jackson | 5 | 5 |
| Norma Austin | 13 | 12 |
| Peter Lomas | 5 | 5 |
| Steve Fairfull | 13 | 13 |
| Michael Cronin | 5 | 3 |
| Michael Gates | 8 | 7 |
| Steve Davies | 8 | 8 |
| Colin Smith | 8 | 8 |

Indemnifying Officers

The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Coronavirus Pandemic

On 11 March 2020, the World Health Organization declared a pandemic due to the spread of coronavirus across the world. Due to the spread of the coronavirus, global and local economies have been significantly affected, for example due to restrictions in production, trade and consumption or due to travel bans and social distancing requirements. Due to these effects, the company was closed from 23 March 2020 to 1 June 2020. Therefore, income has been significantly impacted as a result of social distancing restrictions enacted during March 2020.

As of the date of this financial report, the board is unable to determine the future impact of the pandemic on the company and the financial report. However, the company has applied for government relief where available through the Job Keeper, Cashflow boost and small business Covid-19 support programmes. The Board and management continue to assess the situation on an ongoing basis.

The board is confident that the company will be successful in navigating the challenges of the pandemic and accordingly, the board has prepared the financial report on a going concern basis. However, should circumstances arising from the pandemic such as long-term mandated closures of the club facilities occur, there is uncertainty on the ability of the company to continue as a going concern and realise its assets and extinguish its liabilities in the ordinary course of business. No provision for such circumstances has been reflected in the financial report.

DIRECTORS' REPORT

Short and Long Term Objectives

The company has established short and long term objectives which are reviewed on an annual basis. These objectives are both financial and non financial and are aimed towards providing a comfortable and secure environment to its members that continues to meet their needs. These objectives are measured through both financial and non financial key performance indicators that have been determined relevant to the club industry.

Disclosure of Core and Non-Core Property

Pursuant to Section 41J(2) of the Registered Clubs Act 1976 and for the financial year ended 30 June 2020, the Directors have determined that the property of the company shall be classified as follows:

| Address | Current usage | Classification |
|---------------------------------------|------------------------|-----------------------|
| 2 Neath Street, Cessnock | Club premises | Core |
| 20 and 22 Koree Street, Cessnock | Residential investment | Non-core |
| 1,3,5 and 7 Shalimah Street, Cessnock | Residential investment | Non-core |
| 1 and 3 Victoria Street, Cessnock | Residential investment | Non-core |
| 3 George Street, Cessnock | Residential investment | Non-core |
| 6 Anstey Street, Cessnock. | Residential investment | Non-core |

Rounding of Amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded 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.

Auditor

Mark Walmsley continues in office in accordance with section 327 of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors



Director

Dated this 26th day of November 2020

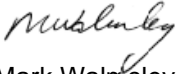
MARK WALMSLEY *B Comm. CA*
CHARTERED ACCOUNTANT
ABN: 91 918 334 370

Auditor's independence declaration

As lead auditor for the audit of East Cessnock Bowling Club Ltd for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of East Cessnock Bowling Club Ltd and the entities it controlled during the period.



Mark Walmsley

Stockton

Date: 19th November 2020

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|---|-------------|----------------|----------------|
| Revenue from contracts with customers | 2 | 4,093,073 | 5,137,587 |
| Other income | 2 | 1,127,848 | 306,368 |
| Changes in inventories | | (40,073) | 46,405 |
| Employee benefits expense | | (952,622) | (1,001,798) |
| Depreciation and amortisation expenses | 3 | (858,454) | (847,857) |
| Borrowing costs expense | 3 | (49,644) | (34,220) |
| Repairs and maintenance | | (213,072) | (284,684) |
| Bar purchases | | (424,292) | (522,609) |
| Poker machine duty | | (442,938) | (570,023) |
| Entertainment and activities expenses | | (623,351) | (722,133) |
| Cleaning | | (104,198) | (141,326) |
| Electricity and gas | | (123,601) | (147,516) |
| Other expenses | | (643,804) | (973,261) |
| Profit/(loss) from operating activities before income tax | 3 | 744,872 | 244,933 |
| Income tax expense | | - | - |
| Profit/(loss) from operating activities | | <u>744,872</u> | <u>244,933</u> |

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

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|--------------------------------------|-------------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 857,914 | 924,582 |
| Trade and other receivables | 6 | 67,238 | 26,929 |
| Inventories | 7 | 56,194 | 96,267 |
| Other current assets | 8 | 175,309 | 194,988 |
| TOTAL CURRENT ASSETS | | <u>1,156,655</u> | <u>1,242,766</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 11 | 10,196,294 | 11,656,994 |
| Right of use asset | 12 | 60,817 | - |
| Trade and other receivables | 6 | 1,769,601 | - |
| Available-for-sale financial assets | 9 | 269,707 | 320,097 |
| Investment property | 10 | 2,246,292 | 2,237,094 |
| Intangible assets | 13 | 425,000 | 425,000 |
| TOTAL NON-CURRENT ASSETS | | <u>14,967,711</u> | <u>14,639,185</u> |
| TOTAL ASSETS | | <u>16,124,366</u> | <u>15,881,951</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 598,456 | 737,066 |
| Borrowings | 15 | 340,860 | 766,060 |
| Lease liabilities | 16 | 22,853 | - |
| Provisions | 17 | 48,952 | 55,390 |
| TOTAL CURRENT LIABILITIES | | <u>1,011,121</u> | <u>1,558,516</u> |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 15 | 549,809 | 473,375 |
| Lease liabilities | 16 | 22,420 | - |
| Provisions | 17 | 12,147 | 15,674 |
| TOTAL NON-CURRENT LIABILITIES | | <u>584,376</u> | <u>489,049</u> |
| TOTAL LIABILITIES | | <u>1,595,497</u> | <u>2,047,565</u> |
| NET ASSETS | | <u>14,528,869</u> | <u>13,834,386</u> |
| EQUITY | | | |
| Reserves | 18 | 247,800 | 298,189 |
| Retained profits | | 14,281,069 | 13,536,197 |
| TOTAL EQUITY | | <u>14,528,869</u> | <u>13,834,386</u> |

The above balance sheet should be read in conjunction with the accompanying notes.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
30 JUNE 2020

| | Retained | Available | |
|-----------------------------------|-------------------|------------------|--------------------|
| | Earnings | For Sale | Total |
| | \$ | \$ | \$ |
| 2020 | | | |
| Balance 1 July 2019 | 13,536,197 | 298,189 | 13,834,386 |
| Profit attributable to entity | 744,872 | - | 744,872 |
| Revaluation increment/(decrement) | - | (50,389) | (50,389) |
| Balance 30 June 2020 | <u>14,281,069</u> | <u>247,800</u> | <u>114,528,869</u> |
| 2019 | | | |
| Balance 1 July 2018 | 13,291,264 | 307,150 | 13,598,414 |
| Profit attributable to entity | 244,933 | - | 244,933 |
| Revaluation increment/(decrement) | - | (8,961) | (8,961) |
| Balance 30 June 2019 | <u>13,536,197</u> | <u>298,189</u> | <u>13,834,386</u> |

The above statements of change in equity should be read in conjunction with the accompanying notes

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|--|------|------------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 4,519,279 | 5,425,682 |
| Payments to suppliers and employees | | (3,656,775) | (4,391,013) |
| Interest received | | 564 | 697 |
| Dividends received | | 3,400 | 8,739 |
| Borrowing costs | | (49,644) | (34,220) |
| Net cash provided by (used in) operating activities | 20b | <u>816,824</u> | <u>1,009,885</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Selling costs for property, plant and equipment | | (78,729) | - |
| Proceeds from sale of property, plant and equipment | | - | 49,460 |
| Payment for intangible asset | | - | (275,000) |
| Payment for property, plant and equipment | | (404,246) | (732,713) |
| Payment for investment property | | (29,450) | - |
| Net cash provided by (used in) investing activities | | <u>(512,425)</u> | <u>(958,253)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | | 133,468 | 137,312 |
| Repayment of borrowings | | (482,234) | (433,185) |
| Repayment of lease liabilities | | (22,301) | - |
| Net cash provided by (used in) financing activities | | <u>(371,067)</u> | <u>(295,873)</u> |
| Net increase/(decrease) in cash held | | (66,668) | (244,242) |
| Cash at beginning of the financial year | | <u>924,582</u> | <u>1,168,824</u> |
| Cash at end of the financial year | 20a | <u>857,914</u> | <u>924,582</u> |

The above cash flow statement should be read in conjunction with the accompanying notes

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Covid-19 Pandemic

On 11 March 2020, the World Health Organization declared a pandemic due to the spread of coronavirus across the world. Due to the spread of the coronavirus, global and local economies have been significantly affected, for example due to restrictions in production, trade and consumption or due to travel bans and social distancing requirements. Due to these effects, the company was closed from 23 March 2020 to 1 June 2020. Therefore, income has been significantly impacted as a result of social distancing restrictions enacted during March 2020.

Notwithstanding the impact of the pandemic, the financial statements have been prepared on a going concern basis which contemplates the realisation of assets and extinguishment of liabilities in the ordinary course of business.

As of the date of this financial report, the board is unable to determine the future impact of the pandemic on the company and the financial report. However, the company has applied for government relief where available through the Job Keeper, Cashflow boost and small business Covid-19 support programmes. The Board and management continue to assess the situation on an ongoing basis.

The board is confident that the company will be successful in navigating the challenges of the pandemic and accordingly, the board has prepared the financial report on a going concern basis. However, should circumstances arising from the pandemic such as long-term mandated closures of the club facilities occur, there is uncertainty on the ability of the company to continue as a going concern and realise its assets and extinguish its liabilities in the ordinary course of business. No provision for such circumstances has been reflected in the financial report.

(c) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Critical accounting estimates and judgments (cont'd)

Key estimates - impairment

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

(d) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(e) Income tax

The company is an exempt body for income tax purposes.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(g) Investments and other financial assets

i) Classification

the company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows.

The company is using the measured at amortised cost method for all its financial assets, namely trade and other receivables. Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Investments and other financial assets (cont'd)

ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on tradedate, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

iii) Measurement

Subsequent to initial recognition, financial assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment for expected credit losses are recognised in the profit or loss. Gain or loss on derecognition is recognised in profit or loss.

iv) Impairment

Impairment of financial assets is recognised on an expected credit loss (ECL) – forward looking – basis for all financial assets measured at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The company considers reasonable and supportable information that is relevant and available, including both quantitative and qualitative information and analysis based on the company's historical experience and informed credit assessment, including forward looking information.

Credit losses are measured as the present value of the difference between the cash flows due to the company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

(h) Financial liabilities

i) Classification

The company classified its financial liabilities as those to be measured at amortised cost.

The company is using the measured at amortised cost method for all its financial liabilities. The financial liabilities of the company comprise trade payables and asset finance.

Liabilities measured at amortised cost are financial liabilities where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities (cont'd)

ii) Recognition and derecognition

The company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(i) Revenue and other income

The company recognises revenue when it transfers control over a product or service to a customer. Revenue is measured based on the amount of consideration expected to be received in exchange for the transfer of the good or service to the customer.

Revenue from contracts with customers

Revenue from the sale of goods is recognised at the point of delivery.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Gaming machine revenue is recognised at the point of sale and represents the amounts earned through gaming wagers.

Revenue from membership subscriptions are recognised on a straight line basis over the financial year.

Other revenue

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

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

(j) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

(k) Inventories

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

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(l) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line and diminishing basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Land is not depreciated.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------|--------------------------|
| Buildings | 2.5% |
| Plant and Equipment | 5 - 20% |
| Poker Machines | 10% |
| Greens | 2.5% |
| Motor Vehicles | 22.5% |

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(m) Impairment of non-financial assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

(n) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the company during the reporting period which remain unpaid at balance date. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(o) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured as the present value of expected future cash payments, taking into consideration expected future wage levels and experience of employees departures and periods of service. Government bond rates with terms that match, as closely as possible, the estimated future cash outflows were used in calculation.

(p) Leases

Comparative year

Leases of plant and equipment where the company, as lessee, had substantially all the risks and rewards of ownership 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 fair value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Leases are not recognized in the statement of financial position for the comparative year only.

Current year

As explained in Note 1(s) below with the adoption of AASB 16: Leases, the company has changed its accounting policy for leases where the company is the lessee. The new policy, is described at Note 1(s).

(q) Gaming Machine Rebate

The company received a rebate to compensate the loss of gaming machine income due to the introduction of GST. The period which the rebate relates to is from 1 September 2019 to 31 August 2020.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(s) Adoption of new and revised accounting standards

During the current year, the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The company applies, for the first time, AASB 16 Leases. The application of the new accounting standard did not require current period or retrospective adjustments.

AASB 16: Leases

The company has adopted AASB 16: Leases with a date of initial application of 1 July 2019. As a result, the company has changed its lease accounting policy as detailed in the significant accounting policies note.

AASB 16 replaces the provisions of AASB 117: Leases and provides a new lessee accounting model. The new model requires a lessee to recognise a right of use asset and lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lessor accounting remains the same under AASB 16 when compared to the requirements of AASB 117.

Under AASB 16, a lessee is required to recognise, at the commencement date of the lease, the present value of non-cancellable lease payments as a lease liability on the statement of financial position with a corresponding right-of-use asset. The unwind of the financial charge on the lease liability and the amortisation of the leased asset are recognised in the statement of comprehensive income based on the incremental borrowing rate and contract term respectively.

The company did not restate prior year amounts reported, electing to use the modified retrospective approach at 1 July 2019 with the opening right-of-use asset for each lease equal to the corresponding lease liability.

Upon adoption of AASB 16, lease liabilities of \$67,575 were recognised at 1 July 2019. The lease of crown land has not been recognised in accordance with AASB 16 refer Note 23 Leasehold Property.

(t) Authorisation of Financial Statements

The financial statements were authorised for issue on 26th November 2020 by the Directors.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

| NOTE 2: REVENUE | 2020 | 2019 |
|--|------------------|------------------|
| From contracts with customers | \$ | \$ |
| — Sale of goods | 931,559 | 1,145,741 |
| — Gaming revenue | 2,797,943 | 3,392,720 |
| — Motel takings | - | 120,341 |
| — Entertainment | 335,191 | 449,326 |
| — Bowling income | 6,739 | 6,660 |
| — Members subscriptions | 21,641 | 22,799 |
| | <u>4,093,073</u> | <u>5,137,587</u> |
| Other income from ordinary activities | | |
| — Commissions | 169,035 | 151,257 |
| — Insurance recovery | 7,700 | - |
| — Rent received | 57,223 | 48,912 |
| — Interest | 12,165 | 697 |
| — Dividends | 3,400 | 8,739 |
| — Jobkeeper and Covid support | 198,500 | - |
| — Profit on disposal of non current assets | 645,768 | - |
| — Other | 34,057 | 96,763 |
| | <u>1,127,848</u> | <u>306,368</u> |
| | <u>5,220,921</u> | <u>5,443,955</u> |

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

2020 2019
 \$ \$

NOTE 3: EXPENSES

Profit before income tax expense includes the following specific expenses:

| | | |
|---|----------------|----------------|
| Cost of sales | 433,223 | 525,124 |
| Borrowing costs | | |
| — other persons | 49,644 | 34,220 |
| | | |
| Depreciation and amortisation of non-current assets | | |
| — buildings | 277,387 | 273,486 |
| — motor vehicles | 8,344 | 10,972 |
| — plant and equipment | 216,735 | 216,412 |
| — motel building | 5,719 | 12,067 |
| — motel equipment | 6,460 | 14,007 |
| — poker machines | 298,563 | 282,663 |
| — greens plant | 1,220 | 1,220 |
| — greens | 17,015 | 17,015 |
| — investment property | 20,253 | 20,015 |
| — right of use asset | 6,758 | - |
| | <u>858,454</u> | <u>847,857</u> |
| | | |
| Loss on disposal of property, plant and equipment | - | 20,208 |

**NOTE 4: KEY MANAGEMENT PERSONNEL
 COMPENSATION**

The totals of remuneration paid to key management personnel of the company during the year are as follows:

| | | |
|---------------------------------------|---------|---------|
| Key management personnel compensation | 190,965 | 188,013 |
|---------------------------------------|---------|---------|

NOTE 5: CURRENT ASSETS - CASH ASSETS

| | | |
|---------------------------|---------|---------|
| Cash and cash equivalents | 857,914 | 924,582 |
|---------------------------|---------|---------|

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

| NOTE 6: TRADE AND OTHER – RECEIVABLES | 2020 | 2019 |
|--|------------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Other debtors | 56,409 | 20,175 |
| GST refundable | 10,829 | 6,754 |
| | <u>67,238</u> | <u>26,929</u> |
| NON CURRENT | | |
| Loan - Secured | <u>1,769,601</u> | - |

In December 2019 the company sold the motel and provided vendor finance. The total proceeds will be \$2,000,000 inclusive of interest of \$242,000. The loan is over 11 years with the first repayment due 1 July 2021. The loan is secured over the property.

NOTE 7: CURRENT ASSETS - INVENTORIES

| | | |
|-----------------------|---------------|---------------|
| Stock on hand at cost | <u>56,194</u> | <u>96,267</u> |
|-----------------------|---------------|---------------|

NOTE 8: CURRENT ASSETS - OTHER ASSETS

| | | |
|-------------|----------------|----------------|
| Prepayments | <u>175,309</u> | <u>194,988</u> |
|-------------|----------------|----------------|

NOTE 9: NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | | |
|-----------------------------------|----------------|----------------|
| Listed investments, at fair value | | |
| — Shares in listed corporations | <u>269,707</u> | <u>320,097</u> |

NOTE 10: NON-CURRENT ASSETS – INVESTMENT PROPERTY

| | | |
|---------------------------------|------------------|------------------|
| Investment properties – at cost | 2,185,174 | 2,155,723 |
| Development costs | 210,465 | 210,465 |
| Less: Accumulated depreciation | (149,347) | 129,094 |
| | <u>2,246,292</u> | <u>2,237,094</u> |

Development costs have been incurred in respect of the investment properties located in Koree and Shalimah Streets. The company is proceeding with the development plan.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

**NOTE 11: NON-CURRENT ASSETS – PROPERTY,
PLANT AND EQUIPMENT**

| | Freehold land | Buildings | Plant & equipment | Motor vehicles | Poker machines | Greens plant |
|--------------------------------|------------------|-------------------|----------------------|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| At 1 July 2019 | | | | | | |
| - Cost | 700,000 | 11,304,584 | 3,213,518 | 82,708 | 3,193,250 | 23,558 |
| - Valuation | - | - | - | - | - | - |
| Accumulated depreciation | - | (4,294,100) | (1,874,512) | (45,622) | (1,492,586) | (20,644) |
| Net book value | 700,000 | 7,010,484 | 1,339,006 | 37,086 | 1,700,664 | 2,914 |
| Year ended 30 June 2020 | | | | | | |
| Opening net book value | 700,000 | 7,010,484 | 1,339,006 | 37,086 | 1,700,664 | 2,914 |
| Additions | - | 51,663 | 149,283 | - | 203,300 | - |
| Disposals/Adjustments | (700,000) | - | - | - | - | - |
| Depreciation charge | - | (277,387) | (216,735) | (8,344) | (298,563) | (1,220) |
| Closing net book value | - | 6,784,760 | 1,271,554 | 28,742 | 1,605,401 | 1,694 |
| At 30 June 2020 | | | | | | |
| - Cost | - | 11,356,247 | 3,362,801 | 82,708 | 3,396,550 | 23,558 |
| - Valuation | - | - | - | - | - | - |
| Accumulated depreciation | - | (4,571,487) | (2,091,247) | (53,966) | (1,791,149) | (21,864) |
| Net book value | - | 6,784,760 | 1,271,554 | 28,742 | 1,605,401 | 1,694 |
| | Greens | Motel Building | Motel Equipment | | | Total |
| | \$ | \$ | \$ | | | \$ |
| At 1 July 2019 | | | | | | |
| - Cost | 680,591 | 482,673 | 141,024 | | | 19,821,906 |
| - Valuation | | | | | | |
| Accumulated depreciation | (159,433) | (183,007) | (95,008) | | | (8,164,912) |
| Net book value | 521,158 | 299,666 | 46,016 | | | 11,656,994 |
| Year ended 30 June 2020 | | | | | | |
| Opening net book value | 521,158 | 299,666 | 46,016 | | | 11,656,994 |
| Additions | - | - | - | | | 404,246 |
| Disposals/Adjustments | - | (293,947) | (39,556) | | | (1,033,503) |
| Depreciation charge | (17,015) | (5,719) | (6,460) | | | (831,443) |
| Closing net book value | 504,143 | - | - | | | 10,196,294 |
| At 30 June 2020 | | | | | | |
| - Cost | 680,592 | - | - | | | 18,902,456 |
| - Valuation | - | - | - | | | - |
| Accumulated depreciation | (176,449) | - | - | | | (8,706,162) |
| Net book value | 504,143 | - | - | | | 10,196,294 |

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

| | | |
|---|------|------|
| NOTE 12: NON CURRENT ASSETS – RIGHT OF USE ASSET | 2020 | 2019 |
| | \$ | \$ |

The companies lease portfolio includes equipment. These leases had a term of 3 years remaining at 1 July 2019.

| | | |
|-------------------------------|---------------|----------|
| Leased equipment | 67,575 | - |
| Less accumulated depreciation | (6,758) | - |
| | <u>60,817</u> | <u>-</u> |

AASB 16 related amounts recognised in the statement

| | | |
|--|-------|---|
| Amortisation change related to right of use assets | 6,758 | - |
| Interest expense on lease liabilities | 552 | - |
| Short-term expense | - | - |

NOTE 13: NON-CURRENT ASSETS - INTANGIBLE ASSETS

| | | |
|--------------------------------|----------------|----------------|
| Poker Machine Licences at cost | <u>425,000</u> | <u>425,000</u> |
|--------------------------------|----------------|----------------|

NOTE 14: CURRENT LIABILITIES – PAYABLES

| | | |
|--------------------------------------|----------------|----------------|
| Unsecured liabilities | | |
| Trade creditors and accrued expenses | 270,784 | 416,110 |
| Subscriptions in advance | 5,607 | 7,812 |
| Employee entitlements | 322,065 | 313,145 |
| | <u>598,456</u> | <u>737,067</u> |

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

| | | 2020 | 2019 |
|--|--------------------|----------------|----------------|
| NOTE 15: LIABILITIES – BORROWINGS | | \$ | \$ |
| CURRENT | | | |
| Secured liabilities | | | |
| Bank loans | 15(a)(b)(c) | 247,867 | 548,496 |
| Hire purchase liability | 15(d), 17 | - | 121,667 |
| Insurance funding - unsecured | | 92,993 | 95,897 |
| | | <u>340,860</u> | <u>766,060</u> |
| NON-CURRENT | | | |
| Secured liabilities | | | |
| Bank loans | 15(a)(b)(c) | 549,809 | 473,375 |
| | | <u>549,809</u> | <u>473,375</u> |

a) Total current and non-current secured liabilities:

| | | |
|-------------------------|----------------|------------------|
| Bank loans | 549,809 | 1,021,871 |
| Hire purchase liability | - | 121,667 |
| | <u>549,809</u> | <u>1,143,538</u> |

b) The bank loans are secured by a first registered mortgage over the properties located at Neath Street, Cessnock and the residential investment properties as well as a floating charge over the present and future rights.

c) The covenants within the bank borrowings require borrowings costs not to fall below two times and within 123 days of the close of each financial year receive a copy of the audited annual report or balance sheet and profit and loss.

d) The hire purchase liabilities were secured over the assets financed.

NOTE 16: LIABILITIES – LEASE LIABILITIES

| | | |
|--------------------|---------------|---|
| CURRENT | | |
| Lease - PMFA | <u>22,853</u> | - |
| NON-CURRENT | | |
| Lease - PMFA | <u>22,420</u> | - |

The leases relate to photocopier and POS system and were recognised in accordance with AASB16 on 1 July 2019. The remaining term is 24 months.

EAST CESSNOCK BOWLING CLUB LTD**ABN 59 000 835 923****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

| | 2020 | 2019 |
|--|---------------|---------------|
| NOTE 17: LIABILITIES – PROVISIONS | \$ | \$ |
| CURRENT | | |
| Members draw | 4,200 | 7,900 |
| Link jackpot | 11,473 | 16,623 |
| Redemption points | 19,344 | 19,269 |
| Provision for cash balances | 13,935 | 11,598 |
| | <u>48,952</u> | <u>55,390</u> |
| NON-CURRENT | | |
| Employee entitlements | 12,147 | 15,674 |
| | <u>12,147</u> | <u>15,674</u> |

NOTE 18: RESERVES

| | | |
|--|----------------|----------------|
| Available-for-sale investments revaluation reserve | <u>247,800</u> | <u>298,189</u> |
|--|----------------|----------------|

Movements

| | | |
|--|----------------|----------------|
| Available-for-sale investments revaluation reserve | | |
| Balance 1 July | 298,189 | 307,150 |
| Revaluations | (50,389) | (8,961) |
| Balance 30 June | <u>247,800</u> | <u>298,189</u> |

NOTE 19: CAPITAL AND LEASING COMMITMENTS**(a) Hire Purchase Commitments**

Commitments payable:

| | | |
|--|---|---------|
| Not later than 1 year | - | 127,674 |
| Later than 1 year but not later than 5 Years | - | - |

| | | |
|------------------------|---|---------|
| Minimum lease payments | - | 127,674 |
|------------------------|---|---------|

| | | |
|------------------------------|---|-------|
| Less: future finance charges | - | 6,007 |
|------------------------------|---|-------|

| | | |
|-------------------|-----------|----------------|
| Total commitments | 15 | <u>121,667</u> |
|-------------------|-----------|----------------|

(b) Operating Lease Commitments

Payable:

| | | |
|-----------------------|---|--------|
| Not later than 1 year | - | 22,853 |
|-----------------------|---|--------|

| | | |
|--|---|--------|
| Later than 1 year but not later than 5 Years | - | 45,707 |
|--|---|--------|

| | | |
|--|---|---------------|
| | - | <u>68,560</u> |
|--|---|---------------|

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

NOTE 20: CASH FLOW INFORMATION

| | 2020 | 2019 |
|---|-----------|-----------|
| | \$ | \$ |
| a. Reconciliation of Cash | | |
| Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows: | | |
| Cash and cash equivalents | 857,914 | 924,582 |
| b. Reconciliation of Cash Flow from Operations with Profit from ordinary activities after income tax | | |
| Profit from ordinary activities after income tax | 744,872 | 244,933 |
| Non-cash flows in profit from ordinary activities: | | |
| — Depreciation | 858,454 | 847,857 |
| — Loss/(Profit) on disposal of plant and equipment | (645,768) | 20,208 |
| — Interest receivable vendor finance | (11,601) | - |
| Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries | | |
| Decrease/(Increase) in receivables | (40,309) | (8,837) |
| Decrease/(Increase) in prepayments | 19,679 | (91,684) |
| Decrease/(Increase) in inventories | 40,073 | (46,405) |
| (Decrease)/Increase in payables | (138,611) | 28,750 |
| (Decrease)/Increase in provisions | (9,965) | 15,063 |
| Cash flows from operations | 816,824 | 1,009,885 |

c. Non-Cash Financing and Investing Activities

The company did not have any non-cash transactions during the year.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

NOTE 21: RELATED PARTY TRANSACTIONS

The company's main related parties are as follows:

a. Key Management Personnel of the Club

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any Director (whether executive or otherwise) of the company, is considered key management personnel. Refer to Note 4.

b. Other Related Parties of the Company

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions and Outstanding Balances with 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. There were no related party transactions during the year.

NOTE 22: COMPANY DETAILS

The registered office of the company is: Neath Street Cessnock NSW

The principal place of business is: Neath Street Cessnock NSW

The principal activities of the company are a registered licensed bowling club.

NOTE 23: LEASEHOLD PROPERTY

The company has a perpetual lease arrangement with the Department of Land and Water Conservation for the land occupied by the club building and the bowling greens. The land occupied by the adjoining carpark is owned freehold by the company. During the year the company paid rent to the Department of Land and Water Conservation of \$31,135.

This lease has not been capitalised in accordance with AASB16 due to difficulties in establishing expected cashflows and lease term.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 6 to 25 are in accordance with the Corporations Act 2001:
 - (a) Comply with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001; 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 company.
2. in the directors' opinion there are reasonable grounds to believe that the company 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



Dated this 26th day of November 2020

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF EAST CESSNOCK BOWLING CLUB LTD

Opinion

I have audited the financial report of East Cessnock Bowling Club Ltd, which comprises the statement of financial position as at 30th June 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In my opinion, the financial report of East Cessnock Bowling Club Ltd has been prepared in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30th June, 2020, and of its financial performance for the year then ended; and
- (b) complying with the Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

I have conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial Reports section of my report. I am independent of the registered entity 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of East Cessnock Bowling Club Ltd, would be in the same terms if given to the directors as at the time of this audit report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

We draw your attention to Note 1(b) Covid-19 Pandemic to the financial statements, which describes the uncertainties and possible effect on East Cessnock Bowling Club Ltd arising from its management of the ongoing issues related to Covid-19. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF EAST CESSNOCK BOWLING CLUB LTD

Responsibilities of Directors and Those Charged with Governance for the Financial Report

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

In preparing the financial report, Directors are responsible for assessing the company'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 Directors either intends to liquidate the company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance that 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 my 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, I exercise professional judgement and maintain profession scepticism throughout the audit. I also:

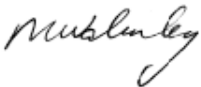
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material 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.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF EAST CESSNOCK BOWLING CLUB LTD

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Obtaining an understanding of internal control relevant to the audit in order to design and audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the directors entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- 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.

I communicate with those the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Mark Walmsley

Date 26 November 2020
16 Dunbar Street
STOCKTON NSW 2295

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923

COMPILATION REPORT TO EAST CESSNOCK BOWLING CLUB LTD

On the basis of the information provided by the directors of East Cessnock Bowling Club Ltd, we have compiled, in accordance with APS 9: Statement of Compilation of Financial Reports the special purpose financial report consisting of the profit and loss account, bar trading account, poker machine trading account and motel trading account for year ended 30 June 2020.

The specific purpose for which the special purpose financial report has been prepared is to provide private information to the directors. The extent to which Accounting Standards and other mandatory professional reporting requirements have not been adopted in the preparation of the special purpose financial report is set out in Note 1.

The company's directors are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent and are appropriate to meet the needs of the directors.

Our procedures use accounting expertise to collect, classify and summarise the financial information which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

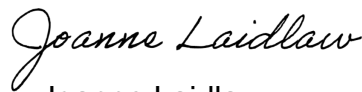
To the extent permitted by law, we do not accept liability for any loss or damage which any person other than the entity may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared exclusively for the benefit of the company. We do not accept responsibility to any other person for the contents of the special purpose financial report.

PO Box 379
CESSNOCK NSW 2325

Dated 26 November 2020

LIDLAW & ASSOCIATES



Joanne Laidlaw

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 | 2019 |
|------------------------------------|------------------|------------------|
| INCOME | \$ | \$ |
| Gross profit on trading | 1,829,607 | 2,330,232 |
| TAB commission | 33,631 | 43,265 |
| Commission received | 45,934 | 59,393 |
| Keno commission | 89,470 | 107,992 |
| Interest received | 12,165 | 697 |
| Rent received | 57,223 | 48,912 |
| Green fees | 4,666 | 5,234 |
| Sundry income | 14,377 | 13,690 |
| GST rebate | 17,180 | 17,180 |
| Membership fees | 21,641 | 22,799 |
| Raffle and housie | 335,191 | 449,326 |
| Wage subsidy | 2,500 | 6,500 |
| Sale of bowls equipment | 2,073 | 1,426 |
| Dividends received | 3,400 | 8,739 |
| Insurance recovery | 7,700 | - |
| Profit on sale of motel | 645,768 | - |
| Jobkeeper and Covid support | 198,500 | - |
| Total Income | <u>3,321,026</u> | <u>3,115,385</u> |
| LESS: EXPENSES | | |
| Accountancy and auditing fees | 37,500 | 36,500 |
| Bank charges | (1,340) | 4,770 |
| Bowls expenses | 52,988 | 57,420 |
| Cleaning | 104,198 | 137,438 |
| Concerts, dances and entertainment | 85,189 | 119,553 |
| Directors out of pocket expenses | 10,576 | 17,487 |
| Depreciation | 559,891 | 539,120 |
| Donations and sponsorship | 1,445 | 14,306 |
| Electricity and gas | 123,601 | 135,027 |
| General expenses | 3,889 | 3,855 |
| Green maintenance | 1,070 | 1,337 |
| Insurance | 153,216 | 156,346 |

This Revenue Account does not form part of the audited financial report and should be read
In conjunction with the attached compilation report.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 | 2019 |
|--------------------------------------|------------------|------------------|
| LESS: EXPENSES (Cont'd) | \$ | \$ |
| Interest and borrowing costs | 49,644 | 34,220 |
| Keno maintenance and stationery | 8,945 | 10,729 |
| Land tax | 13,421 | 16,234 |
| Legal expenses | - | 5,726 |
| Loss on disposal of assets | - | 20,208 |
| Members amenities and promotions | 83,317 | 96,646 |
| Motor vehicle expenses | 7,632 | 7,463 |
| Payroll tax | - | 6,322 |
| Printing, stationery and advertising | 68,562 | 111,937 |
| Provision for employee leave | 5,392 | (3,033) |
| Provision for members draws | (3,700) | 200 |
| Raffles and housie | 454,845 | 505,934 |
| Rates and taxes | 65,258 | 74,011 |
| Reception contractor | 40,130 | 43,880 |
| Rent | 31,135 | 29,936 |
| Repairs and maintenance | 149,368 | 185,109 |
| Security costs | 11,080 | 9,716 |
| Staff training and uniforms | 21,490 | 15,808 |
| Subscriptions and licences | 10,348 | 33,541 |
| Superannuation fund contributions | 72,172 | 85,193 |
| TAB expenses | 10,299 | 13,641 |
| Telephone | 14,600 | 24,028 |
| Wages – administration | 164,030 | 176,052 |
| Wages – greens | 27,762 | 30,908 |
| Wages – building | 51,558 | 57,402 |
| Wages – trainee | 48,298 | 35,737 |
| Wages – reception | 38,345 | 19,745 |
| Total Expenses | <u>2,576,154</u> | <u>2,870,452</u> |
| OPERATING PROFIT FOR YEAR | <u>744,872</u> | <u>244,933</u> |

This Revenue Account does not form part of the audited financial report and should be read
In conjunction with the attached compilation report.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923

BAR TRADING ACCOUNT FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 | 2019 |
|--------------------------|----------------|------------------|
| | \$ | \$ |
| Sales | 856,512 | 1,042,260 |
| Sales – coffee shop | 75,047 | 103,481 |
| | <u>931,559</u> | <u>1,145,741</u> |
| Less: Cost of Goods Sold | | |
| Opening stock | 47,566 | 42,302 |
| Purchases | 383,260 | 485,119 |
| Purchases – coffee shop | 33,975 | 37,490 |
| Freight | 7,057 | 7,779 |
| | <u>471,858</u> | <u>572,690</u> |
| Closing stock | 38,635 | 47,566 |
| Cost of goods sold | <u>433,223</u> | <u>525,124</u> |
| Gross Profit | 498,336 | 620,617 |
| Gross Profit Percentage | 53.5% | 54.2% |
| Less: Direct costs | | |
| Wages | 265,759 | 267,380 |
| Wages – coffee shop | 48,672 | 48,389 |
| Stocktaking expenses | 4,346 | 5,091 |
| | <u>318,777</u> | <u>320,860</u> |
| Net Profit | <u>179,559</u> | <u>299,757</u> |

This Revenue Account does not form part of the audited financial report and should be read
In conjunction with the attached compilation report.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923

POKER MACHINE TRADING ACCOUNT FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 | 2019 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| Gross poker machine takings | 7,766,317 | 13,843,783 |
| Less: Poker machine payouts | 4,691,114 | 10,111,390 |
| Less: GST on poker machines | 277,260 | 339,673 |
| Net poker machine takings | <u>2,797,943</u> | <u>3,392,720</u> |
| Less: Direct Costs | | |
| Poker machine maintenance | 62,634 | 90,532 |
| Poker machine community contribution | 41,557 | 41,385 |
| Poker machine tax | 442,938 | 570,023 |
| Provision for DA Com system | 76 | (244) |
| Provision for link jackpot | (5,150) | 11,855 |
| Depreciation – poker machines | 298,563 | 282,663 |
| Data monitoring service | 45,610 | 42,726 |
| State wide link contribution | 31,033 | 59,365 |
| Wages | 230,634 | 225,247 |
| | <u>1,147,895</u> | <u>1,323,552</u> |
| Net Profit | <u>1,650,048</u> | <u>2,069,168</u> |

This Revenue Account does not form part of the audited financial report and should be read
In conjunction with the attached compilation report.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923

MOTEL TRADING ACCOUNT FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 | 2019 |
|-------------------------|------|----------|
| | \$ | \$ |
| Sales | - | 120,341 |
| Less: Direct Costs | | |
| Advertising | - | 7,441 |
| Bank fees | - | 81 |
| Cleaning | - | 3,888 |
| Depreciation | - | 26,074 |
| Electricity and gas | - | 12,489 |
| Interest | - | 38,579 |
| Rates | - | 2,915 |
| Repairs and maintenance | - | 7,705 |
| Supplies | - | - |
| Telephone | - | 1,083 |
| Wages | - | 58,778 |
| | - | 159,035 |
| Net Profit/(Loss) | - | (38,693) |

This Revenue Account does not form part of the audited financial report and should be read
In conjunction with the attached compilation report.