

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 2021.

Directors

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

Steve Fairfull	Norma Austin
Michael Gates	Colin Smith
Steve Davies	

Principal Activities

The principal activities of the company during the financial year were 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 \$1,599,767 (2020 profit \$744,872).

Review of Operations

The company continued to engage in its principal activity during another difficult year where the performance and operations were further disrupted by the ongoing Covid 19 pandemic.

Gross profit from bar trading amounted to \$711,845 and a gross profit percentage of 61.1% was obtained from sales of \$1,164,331. Net gaming profit amounted to \$2,664,885 compared to \$1,650,048 last year.

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 significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

The directors also recognised that the situation associated with the management of Covid 19 is ongoing and continually evolving and it is difficult to estimate with any degree of certainty the long-term financial effect.

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.

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DIRECTORS' 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.

Information on Directors

Steve Fairfull	—	Chairperson
Experience	—	Mr Fairfull has been a director for over one year.
Colin Smith	—	Director
Experience	—	Mr Smith has been a director for over one year.
Michael Gates	—	Director
Experience	—	Mr Gates has been a director for over one year.
Steve Davies	—	Director
Experience	—	Mr Davies has been a director for over one year.
Norma Austin	—	Director
Experience	—	Mrs Austin for the past 29 years has held the position of Secretary and Delegate of the Women's 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 2021 the number of members was 7048 (2020: 6178)

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
Norma Austin	11	10
Steve Fairfull	11	11
Michael Gates	11	11
Steve Davies	11	10
Colin Smith	11	10

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.

Mandatory Director Training

Under the Registered Clubs Amendment (disclosures) Regulation 2019 the company is required to disclose to its members certain information relating to mandatory training requirements undertaken by Directors. As the club has annual gaming machines profits of more than \$1 million, the Regulation prescribes that all directors must complete their mandatory training within 12 months of appointment unless otherwise exempt.

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.

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.

From 5 August 2021 the Club was required to close again due to lockdowns imposed as a result of the Covid-19 pandemic. The Club is controlling costs where possible and is also eligible for government funding via the business support grant and jobsaver program throughout the period of closure. The Club was able to reopen 11 October 2021 with restrictions and while anticipating challenging trading conditions until such a time that a return to normal operations is possible, expects to return to a profitable and cashflow positive situation in the short term. The financial position of the Club is being monitored on an ongoing basis by Management and the Board.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923

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 nonfinancial 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 nonfinancial 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 2021, 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

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Director
Dated this day of 2021

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 2021, 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:

2021

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue from contracts with customers	2	5,551,135	4,093,073
Other income	2	563,633	1,127,848
Changes in inventories		9,168	(40,073)
Employee benefits expense		(997,698)	(952,622)
Depreciation and amortisation expenses	3	(832,660)	(858,454)
Borrowing costs expense	3	(22,287)	(49,644)
Repairs and maintenance		(157,243)	(213,072)
Bar purchases		(472,213)	(424,292)
Poker machine duty		(685,306)	(442,938)
Entertainment and activities expenses		(473,019)	(623,351)
Cleaning		(120,222)	(104,198)
Electricity and gas		(119,965)	(123,601)
Other expenses		(643,556)	(643,804)
Profit/(loss) from operating activities before income tax	3	1,599,767	744,872
Income tax expense		-	-
Profit/(loss) from operating activities		<u>1,599,767</u>	<u>744,872</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 2021

	Note	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	5	2,141,959	857,914
Trade and other receivables	6	122,166	67,238
Inventories	7	65,362	56,194
Other current assets	8	239,681	175,309
TOTAL CURRENT ASSETS		<u>2,569,168</u>	<u>1,156,655</u>
NON-CURRENT ASSETS			
Property, plant and equipment	11	9,821,788	10,196,294
Right of use asset	12	54,059	60,817
Trade and other receivables	6	1,701,601	1,769,601
Available-for-sale financial assets	9	454,718	269,707
Investment property	10	2,226,981	2,246,292
Intangible assets	13	425,000	425,000
TOTAL NON-CURRENT ASSETS		<u>14,684,147</u>	<u>14,967,711</u>
TOTAL ASSETS		<u>17,253,315</u>	<u>16,124,366</u>
CURRENT LIABILITIES			
Trade and other payables	14	844,256	598,456
Borrowings	15	-	340,860
Lease liabilities	16	22,750	22,853
Provisions	17	47,728	48,952
TOTAL CURRENT LIABILITIES		<u>914,734</u>	<u>1,011,121</u>
NON-CURRENT LIABILITIES			
Borrowings	15	-	549,809
Lease liabilities	16	-	22,420
Provisions	17	24,934	12,147
TOTAL NON-CURRENT LIABILITIES		<u>24,934</u>	<u>584,376</u>
TOTAL LIABILITIES		<u>939,668</u>	<u>1,595,497</u>
NET ASSETS		<u>16,313,647</u>	<u>14,528,869</u>
EQUITY			
Reserves	18	432,811	247,800
Retained profits		15,880,836	14,281,069
TOTAL EQUITY		<u>16,313,647</u>	<u>14,528,869</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 2021

	Retained	Available	
	Earnings	For Sale	Total
	\$	\$	\$
2021			
Balance 1 July 2020	14,281,069	247,800	14,528,869
Profit attributable to entity	1,599,767	-	1,599,767
Revaluation increment/(decrement)	-	185,011	185,011
Balance 30 June 2021	<u>15,880,836</u>	<u>432,811</u>	<u>16,313,647</u>
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>14,528,869</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 2021

	Note	2021 \$	2020 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		6,085,121	4,519,279
Payments to suppliers and employees		(3,439,999)	(3,656,775)
Interest received		22,219	564
Dividends received		2,500	3,400
Borrowing costs		(22,287)	(49,644)
Net cash provided by (used in) operating activities	19b	<u>2,647,554</u>	<u>816,824</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Loan repayments – Motel loan		18,000	-
Selling costs for property, plant and equipment		-	(78,729)
Proceeds from sale of property, plant and equipment		84,850	-
Payment for property, plant and equipment		(551,727)	(404,246)
Payment for investment property		(1,440)	(29,450)
Net cash provided by (used in) investing activities		<u>(450,317)</u>	<u>(512,425)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	133,468
Repayment of borrowings		(890,669)	(482,234)
Repayment of lease liabilities		(22,523)	(22,301)
Net cash provided by (used in) financing activities		<u>(913,192)</u>	<u>(371,067)</u>
Net increase/(decrease) in cash held		1,284,045	(66,668)
Cash at beginning of the financial year		857,914	924,582
Cash at end of the financial year	19a	<u>2,141,959</u>	<u>857,914</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 2021

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) Subsequent events and 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.

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.

From 5 August 2021 the Club was required to close again due to lockdowns imposed as a result of the Covid-19 pandemic. The Club controlled costs throughout the period of closure and was eligible for some government support via the jobsaver program. The Club was able to reopen 11 October 2021 with restrictions and while anticipating challenging trading conditions until such a time when a return to normal operations is possible, expects to return to a profitable and cashflow positive position in the short term. The financial position of the Club is being monitored on an ongoing basis by management and the board.

(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.

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.

EAST CESSNOCK BOWLING CLUB LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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.

ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, 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.

EAST CESSNOCK BOWLING CLUB LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Investments and other financial assets (cont'd)

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.

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.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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 2021

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 2021

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 employee's 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

At inception of a contract, the company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognized by the company where the company is lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low-value assets are recognized as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentive;
- lease payments under extension options if lessee is reasonable certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated amortisation and impairment losses.

Right-of-use assets are amortised over the lease term of useful life or the underlying asset whichever is the shortest

(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 2020 to 31 August 2021.

(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
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(s) Adoption of new and revised accounting standards

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

(t) Authorisation of Financial Statements

The financial statements were authorised for issue on _____ by
the Directors.

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2021

NOTE 2: REVENUE	2021	2020
From contracts with customers	\$	\$
— Sale of goods	1,164,331	931,559
— Gaming revenue	3,986,527	2,797,943
— Raffle and housie	371,474	335,191
— Bowling income	6,557	6,739
— Member's subscriptions	22,246	21,641
	<u>5,551,135</u>	<u>4,093,073</u>
 Other income from ordinary activities		
— Commissions	243,584	169,035
— Insurance recovery	-	7,700
— Workers' compensation reimbursement	2,699	-
— Rent received	62,759	57,223
— Interest	22,219	12,165
— Dividends	2,500	3,400
— Jobkeeper and Covid support	180,000	198,500
— Profit on disposal of non-current assets	-	645,768
— Restaurant reimbursements	15,445	-
— Grant - Boxing	9,042	-
— GST Rebate	17,180	17,180
— Wage subsidy	4,000	2,500
— Other	4,205	14,377
	<u>563,633</u>	<u>1,127,848</u>
	<u>6,114,768</u>	<u>5,220,921</u>

EAST CESSNOCK BOWLING CLUB LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2021

NOTE 6: TRADE AND OTHER – RECEIVABLES	2021	2020
	\$	\$
CURRENT		
Other debtors	72,166	56,409
Secured loan – Motel	50,000	-
GST refundable	-	10,829
	<u>122,166</u>	<u>67,238</u>
NON-CURRENT		
Secured loan - Motel	<u>1,701,601</u>	<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 and is secured over the property.

NOTE 7: CURRENT ASSETS - INVENTORIES

Stock on hand at cost	<u>65,362</u>	<u>56,194</u>
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NOTE 8: CURRENT ASSETS - OTHER ASSETS

Prepayments	<u>239,681</u>	<u>175,309</u>
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NOTE 9: NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

Listed investments, at fair value		
— Shares in listed corporations	<u>454,718</u>	<u>269,707</u>

NOTE 10: NON-CURRENT ASSETS – INVESTMENT PROPERTY

Investment properties – at cost	2,185,174	2,185,174
Development costs	211,905	210,465
Less: Accumulated depreciation	(170,098)	(149,347)
	<u>2,226,981</u>	<u>2,246,292</u>

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

EAST CESSNOCK BOWLING CLUB LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2021

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

	Freehold land	Buildings	Plant & equipment	Motor vehicles	Poker machines	Greens plant
	\$	\$	\$	\$	\$	\$
At 1 July 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
Year ended 30 June 2021						
Opening net book value	-	6,784,760	1,271,554	28,742	1,605,401	1,694
Additions	-	12,155	130,841	-	408,730	-
Disposals/Adjustments	-	-	-	-	(121,081)	-
Depreciation charge	-	(278,429)	(222,253)	(6,468)	(279,766)	(1,220)
Closing net book value	-	6,518,486	1,180,142	22,274	1,613,284	474
At 30 June 2021						
- Cost	-	11,368,402	3,493,642	82,708	3,367,289	23,558
- Valuation	-	-	-	-	-	-
Accumulated depreciation	-	(4,849,916)	(2,313,500)	(60,434)	(1,754,005)	(23,084)
Net book value	-	6,518,486	1,180,142	22,274	1,613,284	474
	Greens					Total
	\$					\$
At 1 July 2020						
- Cost	680,592					18,902,456
- Valuation	-					-
Accumulated depreciation	(176,449)					(8,706,162)
Net book value	504,143					10,196,294
Year ended 30 June 2021						
Opening net book value	504,143					10,196,294
Additions	-					551,726
Disposals/Adjustments	-					(121,081)
Depreciation charge	(17,015)					(805,151)
Closing net book value	487,128					9,821,788
At 30 June 2021						
- Cost	680,592					19,016,191
- Valuation	-					-
Accumulated depreciation	(193,464)					9,194,403
Net book value	487,128					9,821,788

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2021

NOTE 12: NON-CURRENT ASSETS – RIGHT OF USE ASSET	2021	2020
	\$	\$
The companies lease portfolio is for POS equipment.		
Leased equipment	67,575	67,575
Less accumulated amortisation	(13,516)	(6,758)
	<u>54,059</u>	<u>60,817</u>

AASB 16 related amounts recognised in the statement

Amortisation change related to right of use assets	6,758	6,758
Interest expense on lease liabilities	329	552
Short-term expense	-	-

NOTE 13: NON-CURRENT ASSETS - INTANGIBLE ASSETS

Poker Machine Licences at cost	<u>425,000</u>	<u>425,000</u>
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NOTE 14: CURRENT LIABILITIES – PAYABLES

Unsecured liabilities		
Trade creditors and accrued expenses	445,298	270,784
GST payable	58,012	-
Subscriptions in advance	5,896	5,607
Employee entitlements	335,050	322,065
	<u>844,256</u>	<u>598,456</u>

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2021

	2021	2020
NOTE 15: LIABILITIES – BORROWINGS	\$	\$
CURRENT		
Secured liabilities		
Bank loans	-	247,867
Hire purchase liability	-	-
Insurance funding - unsecured	-	92,993
	<u>-</u>	<u>340,860</u>
NON-CURRENT		
Secured liabilities		
Bank loans	-	549,809
	<u>-</u>	<u>549,809</u>
Total current and non-current secured liabilities		
Bank Loans	-	797,676
Insurance funding	-	92,993
	<u>-</u>	<u>890,669</u>
NOTE 16: LIABILITIES – LEASE LIABILITIES		
CURRENT		
Lease - PMFA	<u>22,750</u>	<u>22,853</u>
NON-CURRENT		
Lease - PMFA	<u>-</u>	<u>22,420</u>

The lease relates to the POS system. The remaining term is 12 months.

EAST CESSNOCK BOWLING CLUB LTD**ABN 59 000 835 923****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
NOTE 17: LIABILITIES – PROVISIONS	\$	\$
CURRENT		
Members draw	-	4,200
Link jackpot	6,038	11,473
Redemption points	26,632	19,344
Provision for cash balances	15,058	13,935
	<u>47,728</u>	<u>48,952</u>
NON-CURRENT		
Employee entitlements	<u>24,934</u>	<u>12,147</u>

NOTE 18: RESERVES

Available-for-sale investments revaluation reserve	<u>247,800</u>	<u>247,800</u>
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Movements

Available-for-sale investments revaluation reserve		
Balance 1 July	247,800	298,189
Revaluations	185,011	(50,389)
Balance 30 June	<u>432,811</u>	<u>247,800</u>

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2021

NOTE 19: CASH FLOW INFORMATION

	2021	2020
	\$	\$
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	2,141,959	857,914

b. Reconciliation of Cash Flow from Operations with Profit from ordinary activities after income tax

Profit from ordinary activities after income tax	1,599,767	744,872
Non-cash flows in profit from ordinary activities:		
— Depreciation and amortisation	832,660	858,454
— Loss/(Profit) on disposal of plant and equipment	36,232	(645,768)
— 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	(4,928)	(40,309)
Decrease/(Increase) in prepayments	(64,372)	19,679
Decrease/(Increase) in inventories	(9,168)	40,073
(Decrease)/Increase in payables	245,800	(138,611)
(Decrease)/Increase in provisions	11,563	(9,965)
Cash flows from operations	<u>2,647,554</u>	<u>816,824</u>

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 2021

NOTE 20: 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 21: 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 22: 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 \$31,180.

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 2021 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

day of

2021

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 2021 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 director's 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, 2021, 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 registrant and 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 director's 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.

DRAFT

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

Mark Walmsley

Date 2021
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 2021.

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

LIDLAW & ASSOCIATES

Dated 2021

Joanne Laidlaw

EAST CESSNOCK BOWLING CLUB LTD
ABN 59 000 835 923

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
INCOME		
Gross profit on trading	3,102,903	1,829,607
TAB commission	32,692	33,631
Commission received	66,048	45,934
Keno commission	144,844	89,470
Interest received	22,219	12,165
Rent received	62,759	57,223
Green fees	4,211	4,666
Sundry income	4,205	14,377
GST rebate	17,180	17,180
Membership fees	22,246	21,641
Raffle and housie	371,474	335,191
Restaurant reimbursements	15,445	-
Wage subsidy	4,000	2,500
Sale of bowls equipment	2,346	2,073
Dividends received	2,500	3,400
Insurance recovery	-	7,700
Workers' compensation reimbursement	2,699	-
Profit on sale of motel	-	645,768
Grant – boxing	9,042	-
Jobkeeper and Covid support	180,000	198,500
Total Income	<u>4,066,813</u>	<u>3,321,026</u>
LESS: EXPENSES		
Accountancy and auditing fees	39,450	37,500
Bank charges	3,988	(1,340)
Bowls expenses	18,937	52,988
Cleaning	120,222	104,198
Concerts, dances and entertainment	27,468	85,189
Consultants	77,122	-
Directors out of pocket expenses	12,212	10,576
Depreciation and amortisation	552,894	559,891

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 2021

	2021	2020
LESS: EXPENSES (Cont'd)	\$	\$
Donations and sponsorship	5,935	1,445
Electricity and gas	119,965	123,601
Foxtel	37,981	-
General expenses	972	3,889
Green maintenance	1,636	1,070
Insurance	165,760	153,216
Interest and borrowing costs	22,287	49,644
Keno maintenance and stationery	13,019	8,945
Land tax	10,650	13,421
Legal expenses	3,250	-
Loss on disposal of assets	36,232	-
Member's amenities and promotions	44,559	83,317
Motor vehicle expenses	5,256	7,632
Printing, stationery and advertising	38,428	68,562
Provision for employee leave	25,772	5,392
Provision for members draws	(4,200)	(3,700)
Raffles and housie	346,609	454,845
Rates and taxes	48,178	65,258
Reception contractor	1,155	40,130
Rent	31,181	31,135
Repairs and maintenance	110,790	149,368
Security costs	11,498	11,080
Sky channel	16,402	-
Staff training	8,522	21,490
Staff uniforms and welfare	1,402	-
Subscriptions and licences	10,168	10,348
Superannuation fund contributions	84,983	72,172
TAB expenses	12,237	10,299
Telephone	14,104	14,600

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 2021

LESS: EXPENSES (Cont'd)	2021	2020
	\$	\$
Wages – administration	168,361	164,030
Wages – bowls	5,769	-
Wages – greens	70,478	27,762
Wages – building	-	51,558
Wages – trainee	50,604	48,298
Wages – reception	94,810	38,345
Total Expenses	<u>2,467,046</u>	<u>2,576,154</u>
OPERATING PROFIT FOR YEAR	<u>1,599,767</u>	<u>744,872</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 2021

	2021	2020
	\$	\$
Sales	1,065,552	856,512
Sales – coffee shop	98,779	75,047
	<u>1,164,331</u>	<u>931,559</u>
Less: Cost of Goods Sold		
Opening stock	38,635	47,566
Purchases	416,143	383,260
Purchases – coffee shop	47,345	33,975
Freight	8,725	7,057
	<u>510,848</u>	<u>471,858</u>
Closing stock	58,362	38,635
Cost of goods sold	<u>452,486</u>	<u>433,223</u>
Gross Profit	711,845	498,336
Gross Profit Percentage	61.1%	53.5%
Less: Direct costs		
Wages	212,712	265,759
Wages – coffee shop	54,406	48,672
Stocktaking expenses	6,709	4,346
	<u>273,827</u>	<u>318,777</u>
Net Profit	<u>438,018</u>	<u>179,559</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 2021

	2021	2020
	\$	\$
Gross poker machine takings	14,750,291	7,766,317
Less: Poker machine payouts	10,365,572	4,691,114
Less: GST on poker machines	398,192	277,260
Net poker machine takings	<u>3,986,527</u>	<u>2,797,943</u>
Less: Direct Costs		
Poker machine maintenance	46,453	62,634
Poker machine community contribution	31,856	41,557
Poker machine tax	685,306	442,938
Provision for DA Com system	7,287	76
Provision for link jackpot	(5,435)	(5,150)
Depreciation – poker machines	279,766	298,563
Data monitoring service	-	45,610
Statewide link contribution	46,606	31,033
Wages	229,803	230,634
	<u>1,321,642</u>	<u>1,147,895</u>
Net Profit	<u>2,664,885</u>	<u>1,650,048</u>

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