



ANNUAL REPORT

year ended 30 June 2022





ANNUAL REPORT

year ended 30 June 2022

www.ecbc.com.au

Annual financial report for the year ended 30 June 2022

Contents

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

These financial statements are the financial statements of East Cessnock Bowling Club Ltd. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 25 November 2022. The Directors have the power to amend and reissue the financial statements.

Directors' report

Your Directors' present their report on East Cessnock Bowling Club Ltd (the Club) for the year ended 30 June 2022.

Directors details

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

Mr Steven Fairfull
Chairperson
Director since 2016

Mr Colin Smith
Director
Director since 2019

Mr Steven Davies
Vice Chairperson
Director since 2019

Mr Michael Gates
Director
Director since 2019

Mr William Bright
Director
Director since 2021

Company secretary

Mr Russell Banks is the Secretary Manager. Russell has been the Company Secretary of East Cessnock Bowling Club Ltd since August 2021.

Directors' meetings

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

Board members	Board meetings	
	A	B
Mr Steven Fairfull	10	10
Mr Steven Davies	10	10
Mr Michael Gates	10	10
Mr Colin Smith	10	9
Mr William Bright (appointed 12 December 2021)	7	6
Mrs Norma Austin (resigned 12 December 2021)	8	3

Where:

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

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 30 June 2022, the following land and buildings are considered to be core and non-core property:

Core - 6 to 12 Victoria Street, Cessnock NSW 2321.

Non-Core - Properties a 20 and 22 Koree Street Cessnock, 1, 3 5 and 7 Shalimah Street Cessnock, 1 and 3 Victoria Street Cessnock, 6 Anstey Street Cessnock.

Principal activities

During the year, the principal activities of the Club were running of a licensed Club for the benefit of its members and to meet the Club's objectives under its constitution.

There have been no significant changes in the nature of these activities during the year.

Directors' report

Short and long-term objectives

The Club's short-term objectives are to:

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

Strategy for achieving short and long-term objectives

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

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

Performance measurement

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

Contribution in winding up

The Club is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$8.40 each towards meeting any outstanding obligations of the Club. At the total amount that members of the Club are liable to contribute if the Club wound up is \$37,800 (2021: \$59,203).

Rounding of amounts

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

Auditor's independence declaration

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

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



Steven Fairfull - Director



Mr Steven Davies - Director

Dated: 25 November 2022

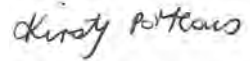
Cessnock, NSW

Auditor's independence declaration

To the Directors' of East Cessnock Bowling Club Ltd

In accordance with the requirements of Corporations Act 2001, as lead auditor for the audit of East Cessnock Bowling Club Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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



Kirsty Porteous - Partner



Pitcher Partners NH Partnership
Chartered Accountants

Dated: 25 November 2022
Newcastle West, NSW

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

		2022	2021
		\$	\$
Revenue from continuing operations	Notes 2	5,051,332	5,894,309
Other income	3	277,500	405,471
Bar cost of goods sold		(445,939)	(443,760)
Bar direct expenses		(354,191)	(282,553)
Rental property direct expenses		(22,195)	-
Gaming direct expenses		(1,162,432)	(1,407,572)
Clubhouse operations		(1,052,292)	(955,941)
Members amenities		(670,654)	(416,563)
Bowling expenses		(153,497)	(96,820)
Administration expenses		(1,864,458)	(1,261,151)
Finance Costs		(31,380)	(53,571)
		<u>(5,757,038)</u>	<u>(4,917,931)</u>
Profit / (loss) before income tax		(428,206)	1,381,849
Income tax expense	1(e)	-	-
Profit / (loss) for the year		<u>(428,206)</u>	<u>1,381,849</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		<u>(428,206)</u>	<u>1,381,849</u>

Statement of financial position

For the year ended 30 June 2022

			(Restated)	(Restated)
		2022	2021	2020
	Notes	\$	\$	\$
ASSETS				
Current assets				
Cash and cash equivalents	4	1,963,806	2,141,959	857,914
Trade receivables	5	5,763	-	-
Inventories	6	126,843	65,362	56,194
Financial assets at amortised cost	7	41,980	122,166	67,238
Other assets	8	200,488	239,681	175,309
Total current assets		2,338,880	2,569,168	1,156,655
Non-current assets				
Financial assets at amortised cost	7	1,710,603	1,701,601	1,769,601
Financial assets at fair value through profit or loss	9	362,315	454,718	269,707
Property, plant and equipment	10	9,244,256	9,445,375	10,196,294
Investment properties	11	1,705,265	2,015,076	2,035,827
Intangible assets	12	425,000	425,000	425,000
Lease assets	13	647,280	621,800	628,300
Total non-current assets		14,094,719	14,663,570	15,324,729
Total assets		16,433,599	17,232,738	16,481,384
LIABILITIES				
Current liabilities				
Trade and other payables	14	371,394	512,621	270,784
Financial liabilities		-	-	340,860
Provisions	15	124,492	382,778	371,017
Other liabilities	16	12,494	5,896	5,607
Total current liabilities		508,380	901,295	988,268
Non-current liabilities				
Lease liabilities	13	647,280	621,800	628,300
Financial liabilities		-	-	549,809
Provisions	15	21,436	24,934	12,147
Total non-current liabilities		668,716	646,734	1,190,256
Total liabilities		1,177,096	1,548,029	2,178,524
Net assets		15,256,503	15,684,709	14,302,860
MEMBERS FUNDS				
Retained profits		15,256,503	15,684,709	14,302,860
Total members funds		15,256,503	15,684,709	14,302,860

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

Statement of changes in equity

For the year ended 30 June 2022

	Retained profits \$	Total \$
Balance at 1 July 2020	14,302,860	14,302,860
Profit / (loss) for the year	1,381,849	1,381,849
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,381,849</u>	<u>1,381,849</u>
Balance at 30 June 2021	<u>15,684,709</u>	<u>15,684,709</u>
Profit / (loss) for the year	(428,206)	(428,206)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(428,206)</u>	<u>(428,206)</u>
Balance at 30 June 2022	<u>15,256,503</u>	<u>15,256,503</u>

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

Statement of cash flows

For the year ended 30 June 2022

		(Restated)
	2022	2021
Notes	\$	\$
Cash flows from operating activities		
Receipts from members and customers	5,697,874	6,496,416
Payments to suppliers and employees	(5,803,310)	(4,020,954)
Interest received	22,249	22,219
Interest paid	(31,380)	(53,571)
Government stimulus received	76,910	180,000
Dividends received	4,913	2,500
Net cash inflow (outflow) from operating activities	(32,744)	2,626,610
Cash flows from investing activities		
Payments for property, plant and equipment	(561,652)	(551,726)
Proceeds from sale of property, plant and equipment	34,614	81,830
Proceeds from sale of investment properties	378,631	-
Proceeds from loans receivable	2,998	18,000
Net cash inflow (outflow) from investing activities	(145,409)	(451,896)
Cash flows from financing activities		
Repayment of borrowings	-	(890,669)
Net cash inflow (outflow) from financing activities	-	(890,669)
Net increase in cash and cash equivalents	(178,153)	1,284,045
Cash and cash equivalents at the beginning of the financial year	2,141,959	857,914
Cash and cash equivalents at the end of the financial year	1,963,806	2,141,959

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

Notes to the financial statements

For the year ended 30 June 2022

1 Summary of significant accounting policies

(a) Information about the entity

- East Cessnock Bowling Club Ltd is a Company limited by guarantee, incorporated and domiciled in Australia.
- East Cessnock Bowling Club Ltd is a not for profit entity for the purpose of preparing the financial report.
- The registered office of the Club is Neath Street, Cessnock NSW 2325.
- The principal place of business of the Club is Neath Street, Cessnock NSW 2325.

(b) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The prior year financial report was prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. The transition from the previous financial reporting framework to Australian Accounting Standards – Simplified Disclosures has not affected the Club's reported financial position, financial performance and cash flows.

(c) Statement of compliance

This financial report complies with *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities* as issued by the Australian Accounting Standards Board (AASB).

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

(d) Prior period errors

The following items were identified during the current year audit and review by Management and have been corrected by restating each of the affected financial statement line items.

- Reclassified other debtors balances for \$72,166 at 30 June 2021 and \$56,409 at 30 June 2020 to financial assets at amortised cost from trade receivables.
- Reclassified vendor loan balances of \$50,000 at 30 June 2021 to financial assets at amortised cost from trade receivables.
- Reclassified GST receivable balances of \$10,829 at 30 June 2020 to financial assets at amortised cost from trade receivables.
- Reclassified shares of \$454,718 at 30 June 2021 and \$269,707 at 30 June 2020 to Financial assets at fair value through profit or loss from available-for-sale financial assets.
- Disposal of plant and equipment (\$217,426), Poker Machines (\$151,431) and Motor Vehicles (\$7,556) at 30 June 2021 as assets were found to be disposed of prior to that date.
- Disposal of development costs of \$1,440 at 30 June 2021 and \$210,465 at 30 June 2020 as developments were assessed to not be continuing at the respective point in time.
- Reclassified vendor loan balances of \$1,701,601 at 30 June 2021 and \$1,769,601 at 30 June 2020 to financial assets at amortised cost - non current from trade receivables - non current.
- Derecognised POS System lease liability of \$22,750 and related lease asset of \$54,059 at 30 June 2021, and lease liability of \$45,273 and related lease asset of \$60,817 at 30 June 2020. Upon review of agreement this arrangement did not constitute a lease under AASB 16 *Leases*.
- Recognised land lease asset and corresponding lease liability of \$621,800 at 30 June 2021 and \$628,300 at 30 June 2020. Identified following review of lease terms for property held with Crown Lands.
- Reclassified employee entitlements of \$335,050 at 30 June 2021 and \$322,065 at 30 June 2020 to provisions from trade and other payables. \$9,311 has also been adjusted to the income statement at 30 June 2021 to align to the updated trial balance.
- Reclassified subscriptions in advance of \$5,896 at 30 June 2021 and \$5,607 at 30 June 2020 to other liabilities from trade and other payables.
- Reclassified reserves of \$432,611 at 30 June 2021 and \$247,800 at 30 June 2020 to retained profits.

Notes to the financial statements

For the year ended 30 June 2022

(d) Prior period errors (continued)

		30 June	Restatement	(Restated)
		\$	\$	\$
Cash and Cash Equivalents		2,141,959	-	2,141,959
Trade and other receivables - Current	(a), (b)	122,166	(122,166)	-
Inventories		65,362	-	65,362
Financial Assets at amortised cost - Current	(a), (b)	-	122,166	122,166
Other Assets		239,681	-	239,681
Financial Assets at fair value through profit and loss	(d)	-	454,718	454,718
Financial Assets at amortised cost - Non current	(g)	-	1,701,601	1,701,601
Property, Plant and Equipment	(e)	9,821,788	(376,413)	9,445,375
Lease assets	(h), (i)	54,059	567,741	621,800
Trade and other receivables - Non current	(g)	1,701,601	(1,701,601)	-
Available-for sale financial assets - Non current	(d)	454,718	(454,718)	-
Investment property	(f)	2,226,981	(211,905)	2,015,076
Intangible assets		425,000	-	425,000
Trade and Other Payables	(j), (k)	(844,256)	331,635	(512,621)
Lease liabilities - Current	(h)	(22,750)	22,750	-
Provisions - Current	(j)	(47,728)	(335,050)	(382,778)
Other liabilities	(k)	-	(5,896)	(5,896)
Lease liabilities - Non current	(i)	-	(621,800)	(621,800)
Provisions - Non current		(24,934)	-	(24,934)
Reserves	(l)	(432,811)	432,811	-
Retained profits	(e), (f), (h), (j), (l)	(15,880,836)	196,127	(15,684,709)

		30 June	Restatement	(Restated)
		\$	\$	\$
Cash and Cash Equivalents		857,914	-	857,914
Trade and other receivables - Current	(a), (c)	67,238	(67,238)	-
Inventories		56,194	-	56,194
Financial Assets at amortised cost - Current	(a), (c)	-	67,238	67,238
Other Assets		175,309	-	175,309
Financial Assets at fair value through profit and loss	(d)	-	269,707	269,707
Financial Assets at amortised cost - Non current	(g)	-	1,769,601	1,769,601
Property, Plant and Equipment		10,196,294	-	10,196,294
Lease assets	(h), (i)	60,817	567,483	628,300
Trade and other receivables - Non current	(g)	1,769,601	(1,769,601)	-
Available-for sale financial assets - Non current	(d)	269,707	(269,707)	-
Investment property	(f)	2,246,292	(210,465)	2,035,827
Intangible assets		425,000	-	425,000
Trade and Other Payables	(j), (k)	(598,456)	327,672	(270,784)
Borrowings - Current		(340,860)	-	(340,860)
Lease liabilities - Current	(h)	(22,853)	22,853	-
Provisions - Current	(j)	(48,952)	(322,065)	(371,017)
Other liabilities	(k)	-	(5,607)	(5,607)
Borrowings - Non current		(549,809)	-	(549,809)
Lease liabilities - Non current	(h), (i)	(22,420)	(605,880)	(628,300)
Provisions - Non current		(12,147)	-	(12,147)
Reserves	(l)	(247,800)	247,800	-
Retained profits	(f), (h), (l)	(14,281,069)	(21,791)	(14,302,860)

Notes to the financial statements

For the year ended 30 June 2022

(e) Income taxes

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

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

(g) Rounding of amounts

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

(h) Comparatives

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

Where the Club has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

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

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

	Raffles and Housie revenue						Total
	Beverage revenue	Housie revenue	Gaming revenue	Membership revenue	Rental revenue	Other revenue	
2022	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	992,518	395,017	3,451,270	21,330	-	100,234	4,960,369
Other revenue (not covered by AASB15)	-	-	17,180	-	73,783	-	90,963
	992,518	395,017	3,468,450	21,330	73,783	100,234	5,051,332
<i>Timing of revenue recognition</i>							
At a point in time	992,518	395,017	3,451,270	-	73,783	96,375	5,008,963
Over time	-	-	17,180	21,330	-	3,859	42,369
	992,518	395,017	3,468,450	21,330	73,783	100,234	5,051,332

	Raffles and Housie revenue						Total
	Beverage revenue	Housie revenue	Gaming revenue	Membership revenue	Rental revenue	Other revenue	
2021	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	1,164,331	371,474	4,164,064	22,246	-	92,255	5,814,370
Other revenue (not covered by AASB15)	-	-	17,180	-	62,759	-	79,939
	1,164,331	371,474	4,181,244	22,246	62,759	92,255	5,894,309
<i>Timing of revenue recognition</i>							
At a point in time	1,164,331	371,474	4,164,064	-	62,759	92,255	5,854,883
Over time	-	-	17,180	22,246	-	-	39,426
	1,164,331	371,474	4,181,244	22,246	62,759	92,255	5,894,309

Notes to the financial statements

For the year ended 30 June 2022

(b) Accounting policies and significant judgements

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

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

(i) *Sale of goods - beverages*

The Club sells a range of beverages. Revenue from the sale of goods is recognised with the Club sells a product to the customer.

(ii) *Provision of services - raffle and housie revenue*

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

(iii) *Provision of services - gaming revenue*

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

(iv) *Provision of services - membership revenue*

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

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

(v) *Provision of services - rental revenue*

Rental revenue is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. The Club recognises rental revenue on a straight line basis with reference to the applicable CPI increases, discount rates and any relevant rental incentives.

(vi) *Other revenue*

Other revenue is recognised as it accrues.

3 Other income and expense items

(a) **Other income**

	2022	2021
	\$	\$
Interest Income	22,249	22,219
Dividends Income	4,913	2,500
Government Stimulus funding - Cashflow boost	-	37,500
Government Stimulus funding - Jobkeeper	-	142,500
Government Stimulus funding - Jobsaver	76,910	-
Grant funding - other	-	9,042
Insurance recoveries	47,088	2,699
Wages subsidies	14,954	4,000
Increase in fair value of equity securities	-	185,011
Gain on disposal of property, plant and equipment	23,797	-
Gain on disposal of investment property	87,589	-
	<u>277,500</u>	<u>405,471</u>

(i) *Interest and dividend income*

Interest and dividend income is recognised on an accruals basis.

(ii) *Government stimulus funding*

The Club recognises stimulus funding from the Australian Taxation Office and revenues NSW when it is considered to be receivable.

(iii) *Grant funding - other*

Grant funding is recognised when performance obligations are satisfied.

(iv) *Insurance recoveries*

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

(v) *Wages subsidies*

The Club recognises wage subsidies when they are considered to be receivable.

(vi) *Gain on disposal of property, plant and equipment*

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

Notes to the financial statements

For the year ended 30 June 2022

3 Other income and expense items (continued)

	2022	2021
	\$	\$
(b) Other expenses		
Employee benefits expense	1,252,634	997,699
Loss on disposal of plant and equipment	17,191	415,664
Interest costs	31,380	53,571
Amortisation and depreciation	753,532	825,902

4 Cash and cash equivalents**Current**

Cash and cash equivalents	<u>1,963,806</u>	<u>2,141,959</u>
	<u>1,963,806</u>	<u>2,141,959</u>

Accounting policy

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

5 Trade receivables**Current**

Trade receivables	<u>5,763</u>	<u>-</u>
	<u>5,763</u>	<u>-</u>

Accounting policy

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

6 Inventories**Current**

Stock on hand - bar	44,678	58,362
Stock on hand - raffles	17,000	-
Stock on hand - bowls	<u>65,165</u>	<u>7,000</u>
	<u>126,843</u>	<u>65,362</u>

Accounting policy

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

7 Financial assets at amortised cost**Current**

Loans - Secured (i)	38,000	50,000
Other receivables	<u>3,980</u>	<u>72,166</u>
	<u>41,980</u>	<u>122,166</u>

Non - Current

Loans - Secured (i)	<u>1,710,603</u>	<u>1,701,601</u>
	<u>1,710,603</u>	<u>1,701,601</u>

(i) Secured Loans

The loan provided is secured via a first registered mortgage over Lot 1 on DP841518 also known as 300 & 302 Maitland Road, Cessnock, NSW, 2325.

Accounting policy

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

Notes to the financial statements

For the year ended 30 June 2022

8 Other assets	2022	2021
	\$	\$
Current		
Prepayments	200,488	239,681
	<u>200,488</u>	<u>239,681</u>

Accounting policy

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

9 Financial assets at fair value through profit or loss

Current		
Shares	362,315	454,718
	<u>362,315</u>	<u>454,718</u>

Accounting policy

Equity instruments are measured at fair value with changes in fair value recognised through profit or loss. Dividends received on these investments are recognised in the statement of profit or loss and other comprehensive income unless the distribution clearly represents a recovery of part of the cost of the investment.

10 Property, plant and equipment

	Building improvements	Plant and equipment	Poker machines	Capital WIP	Total
	\$	\$	\$	\$	\$
Non-current assets					
At 1 July 2021					
Cost	11,368,401	2,221,156	2,502,998	-	16,092,555
Accumulated depreciation	(4,849,916)	(756,119)	(1,041,145)	-	(6,647,180)
Net book amount	<u>6,518,485</u>	<u>1,465,037</u>	<u>1,461,853</u>	<u>-</u>	<u>9,445,375</u>
Year ended 30 June 2022					
Opening net book amount	6,518,485	1,465,037	1,461,853	-	9,445,375
Additions	-	425,937	32,817	102,898	561,652
Disposals	(14,959)	(13,049)	-	-	(28,008)
Depreciation charge	(278,082)	(223,145)	(233,536)	-	(734,763)
Closing net book amount	<u>6,225,444</u>	<u>1,654,780</u>	<u>1,261,134</u>	<u>102,898</u>	<u>9,244,256</u>
At 30 June 2022					
Cost	11,328,807	2,614,656	2,534,498	102,898	16,580,859
Accumulated depreciation	(5,103,363)	(959,876)	(1,273,364)	-	(7,336,603)
Net book amount	<u>6,225,444</u>	<u>1,654,780</u>	<u>1,261,134</u>	<u>102,898</u>	<u>9,244,256</u>

Accounting policy**(a) Building Improvements**

Building Improvements are carried at cost less any accumulated depreciation and any impairment in value.

(b) Plant and equipment, poker machines

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

(c) Depreciation

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

Buildings	50 years
Plant & Equipment	5 - 20 years
Poker Machines	10 years

Notes to the financial statements

For the year ended 30 June 2022

10 Property, plant and equipment**(d) Impairment**

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

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

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

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

Impairment losses are recognised in the statement of comprehensive income as a separate line item.

11 Investment properties

	2022	2021
	\$	\$
Non-current assets - at cost		
Opening balance at 1 July	2,015,076	2,035,827
Depreciation	(18,769)	(20,751)
Disposals	(291,042)	-
Closing balance at 30 June	<u>1,705,265</u>	<u>2,015,076</u>

Accounting policy

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are continued to be carried at cost. The Club has not obtained a valuation to determine the fair value of respective properties held.

Investment properties are no longer recognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognising of an investment property are recognised in the statement of profit or loss and other comprehensive income in that year.

12 Intangible assets

	Poker machine entitlements	2022	2021
	\$	\$	\$
Non-current assets			
As at 30 June 2022			
Cost	<u>425,000</u>	<u>425,000</u>	<u>425,000</u>
Net book amount	<u>425,000</u>	<u>425,000</u>	<u>425,000</u>
Reconciliation			
Opening net book amount	<u>425,000</u>	<u>425,000</u>	
Closing net book amount	<u>425,000</u>	<u>425,000</u>	

Accounting policy

Poker machine entitlements are intangible assets acquired separately and are capitalised at cost, the useful lives of these intangible assets are assessed to be indefinite as there is no indication that gaming machines will become obsolete. These are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. The value shown for the poker machine entitlements, being their cost plus transaction costs, were tested for impairment having regard to the market value of such entitlements and the cash flow generated from holding these assets, with no impairment loss adjustment required.

Notes to the financial statements

For the year ended 30 June 2022

13 Lease assets and lease liabilities

2022	2021
\$	\$

The Club leases land where the Clubhouse is situated from Crown Lands.

a) Lease assets**Non-current**

Carrying amount of lease assets, by class of underlying asset:

Land lease

647,280	621,800
647,280	621,800

Reconciliation of lease assets

	Land	Total	Total
	\$	\$	\$
Carrying amount at the beginning of the year	621,800	621,800	628,300
Additions	25,480	25,480	-
Disposals	-	-	(6,500)
Carrying amount at the end of the year	647,280	647,280	621,800

b) Lease liabilities**Non-current**

Lease liabilities

Total

647,280	647,280	621,800
647,280	647,280	621,800

Reconciliation of lease liabilities

	Land	Total	Total
	\$	\$	\$
Carrying amount at the beginning of the year	621,800	621,800	628,300
Additions	25,480	25,480	-
Disposals	-	-	(6,500)
Interest expense	32,364	32,364	31,090
Lease payments	(32,364)	(32,364)	(31,090)
Carrying amount at the end of the year	647,280	647,280	621,800

The future lease commitment relating to the land lease in perpetuity has been recognised at the net present value of the current annual lease payment being \$32,364 and discounted using the incremental borrowing rate noted below.

Accounting policy

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

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

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

Lease assets are initially measured at cost, comprising the following:

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

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Club's incremental borrowing rate. The weighted average incremental borrowing rate is 5.0%.

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

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

Notes to the financial statements

For the year ended 30 June 2022

14 Trade and other payables

	2022	2021
	\$	\$
Current		
Trade payables	20,667	339,228
Other payables and accruals	203,629	115,683
GST payable	147,098	57,710
	<u>371,394</u>	<u>512,621</u>

Accounting policy

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

15 Provisions

	2022	2021
	\$	\$
Current		
Employee entitlements (i) & (ii)	64,662	335,050
Jackpots	9,554	6,038
Other (iii)	50,276	41,690
	<u>124,492</u>	<u>382,778</u>
Non-current		
Employee entitlements (ii)	21,436	24,934
	<u>21,436</u>	<u>24,934</u>

Accounting policy**(i) Annual leave**

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

(ii) Long service leave

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage levels and period of service. Discount rates of the Australian bond rates matching the estimated future cash outflows have been used.

(iii) Members points liability

Liability for members points expected to be settled within 12 months of the reporting date, are recognised within other provisions. They are measured at the amounts expected to be paid when the liability is settled.

16 Other liabilities

	2022	2021
	\$	\$
Current		
Contract liabilities - membership income	12,494	5,896
	<u>12,494</u>	<u>5,896</u>

Accounting policy

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

Notes to the financial statements

For the year ended 30 June 2022

	2022	2021
	\$	\$
17 Contingent liabilities		
Bank guarantee substituting for a security deposit for TAB facilities	<u>5,000</u>	<u>5,000</u>
18 Related parties		
Transactions between related parties are on normal commercial terms and conditions, and are no more favourable than those available to other parties unless otherwise stated.		
(a) <i>Key management personnel compensation</i>	2022	2021
	\$	\$
Total key management personnel benefits	<u>369,301</u>	<u>337,912</u>
(b) <i>Transactions with other related parties</i>		
Troy and Jhye O'Meley are relatives of Governance and Policy Manager, Ellie O'Meley. These relatives are employed by the Club under normal award terms and conditions.		
Troy O'Meley is a relative of Governance and Policy Manager, Ellie O'Meley. During the year, the Club provided Troy with sponsorship as part his participation in the sport of boxing.	8,000	-
Prior to the employment of Ellie O'Meley, the Club has entered into a sale agreement in 2019 with O'Lange Pty Ltd (of which a member of the Key Management Personnel, Ellie O'Meley is a Director). Interest is charged between 1.1% and 5% p.a. The amount receivable from the Club at year end is as follows:	<u>1,748,603</u>	<u>1,751,601</u>
19 Remuneration of auditors		
<i>Auditor of the Club</i>		
Audit of the financial statements - Pitcher Partners	21,500	-
Audit of the financial statements - Reassurance audit services	-	22,500
Other services - consulting services - Pitcher Partners	<u>31,430</u>	<u>-</u>
	<u>52,930</u>	<u>22,500</u>

Notes to the financial statements

For the year ended 30 June 2022

20 Critical accounting estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

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

- Estimation of useful lives of non-current assets (notes 10, 11, 12 and 13(a)) - The useful life of property, plant and equipment, investment property and lease assets (where useful life is greater than the lease term) is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence. The useful life of poker machine entitlements classified as an intangible asset has been assessed as indefinite. There is uncertainty in relation to this assumption as it is based on current legislation and conditions attached to the entitlements. The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.
- Estimation of valuation for equity securities (note 9) - fair value of equity securities traded in an active market are based on quoted market prices at reporting date. The quoted market prices used for financial assets are the current bid prices.
- Accounting for Lease in Perpetuity with Crown Lands NSW (note 13) - The accounting treatment of the Club's lease in perpetuity with Crown Lands NSW involves judgement and estimates in determining whether the contract grants rights that result in transfer of control of the asset to the Club and therefore results in the in-substance purchase of the Land. The Directors have determined that control of the asset does not transfer to the Club and as such the contract has been treated as a lease in accordance with AASB16 Leases.

Directors' declaration

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 6 to 20 are in accordance with the the Corporations Act 2001,
 - (i) Complying with Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Club's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and

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



Steven Fairfull - Director



Mr Steven Davies - Director

25 November 2022
Cessnock, NSW

Independent auditor's report to the members of East Cessnock Bowling Club Ltd

Qualified Opinion

We have audited the financial report of East Cessnock Bowling Club Ltd (the Club) which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the Club is in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the Clubs financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements.

Basis for Qualified Opinion

The previous financial report was audited by another auditor. We were appointed as auditors of the Club on 6 March 2022 and thus were unable to obtain sufficient appropriate audit evidence concerning the opening balances for cash, financial assets and inventories disclosed in the statement of financial position. Since opening balances enter into the determination of the current year financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of amounts reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Club in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including independence standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Club's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. The other information provided at the date of this report comprises the Directors' Report.

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

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

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

Other Matter

The financial report of the Club for the year ended 30 June 2021 was audited by another auditor Reassurance Audit Services Pty Ltd who expressed an unqualified audit opinion on that financial report.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms. An independent company, ABN 53 051 676 320. Liability limited by a scheme approved under Professional Standards Legislation.
Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

 **bakertilly**
NETWORK MEMBER

www.pitchernewcastle.com.au

Responsibilities of the Directors for the financial report

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

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

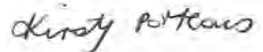
Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Club for the year ended 30 June 2022 included on the Club's web site. The Club's Directors are responsible for the integrity of the Club's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Auditor's responsibilities for the audit of the financial report

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

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



Kirsty Porteous - Partner



Pitcher Partners NH Partnership
Chartered Accountants

25 November 2022
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms. An independent company, ABN 53 001 876 320. Liability limited by a scheme approved under Professional Standards Legislation.
Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

 **bakertilly**
NETWORK MEMBER

www.pitchernewcastle.com.au



6-12 Victoria Street, Cessnock NSW 2325

P: 02 4990 1444 www.ecbc.com.au

