



ANNUAL REPORT

year ended 30 June 2024





Annual financial report for the year ended 30 June 2024

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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 24 September 2024. The Directors have the power to amend and reissue the financial statements.

Chairman's report

The Financial Year 2023/2024 has been a challenging one for your board and CEO.

Many of these challenges are associated with process of change in relation to the significant upgrade to the Club's compliance and governance with the primary focus and responsibility being a standard that ensures the prevention and detection of fraud (both misappropriation of assets and fraudulent financial reporting).

Your boards primary goals since the design and implementation of the current Club Business Plan is and has been to establish a culture of honesty and ethical behaviour while maintaining oversight of management to ensure the Club establishes and maintains sound and ethical governance.

Your board has needed to be proactive and responsive in dealing with a number of significant club related work health and safety challenges during this reporting period with a number of these responses requiring your board to engage the services of external agencies in order to best manage the risk associated with these unfortunate occurrences and to ensure your board on behalf of its members is acting in the best interest of the club.

This reporting period has seen changes to the makeup of your board with myself becoming the Chairman of the club in the middle of the Financial Year and two casual directors, Matthew Harrison and Penny Hyde, taking up the vacancies left from two resigned Directors. Penny and Matthew have brought experience and diversity to your Board and have continued the high ethical values and unity your Board strives for.

Our Club has undergone changes to our operational senior management structure, bowling operations, club promotions, Club Code of Conduct and WHS compliance.

Significant high level strategic planning in line with your Club's business plan has been ongoing under the leadership of our club CEO and work is now commencing on the ground to deliver the venue our members deserve.

As your president I am focused on the future of our club and directing the energy I can into the things I can have positive effect on that are firstly in line with the Clubs Business Plan and obviously in the best interests of the club we all love.

I would like to thank our CEO Ellie O'Meley, who's ability and leadership during the last year has been instrumental in getting our club to where we can now deliver the outcomes the members of our club have deserved for too long. Her integrity, resilience and determination are inspiring.

To my fellow Board of Directors, thank you for your ongoing effort and commitment to ECBC Sports. The time devoted to the position takes time away from your families and is hard work that is not often visible or acknowledged.

We close the year out with a sound Audit, Strong Strategic Plan for the Future and exciting building works about to commence and, aside from a minority of members who are intent on running their own narrative, it has been a year full of progress.

Thank you all.

Steve Davies
ECBC Sports - Chairman

CEO's report

The Financial Year 2023/2024 was a challenging year for both the Club and for me.

Before I commence my report on the year that was and what is to come, I would like to start by making a brief personal statement.

The year commenced with my abrupt return from Maternity Leave due to the resignation of the previous CEO. Navigating being a new mother and in a new role was indeed a challenge. Despite me being at the Club for some time, capably performing the CEO responsibilities, a few members have instigated a relentless, passive aggressive attack on me and my family. This is occurring, seemingly without a desire on their part to resolve or address the issues of concern in a conciliatory manner.

I have been working tirelessly for ECBC to decrease costs wherever possible and to increase our returns to be at least in line with industry benchmarking. I am having to do this whilst using time and resources to attempt to deal with that aforementioned issue. The members involved have been invited to sit with me and the Board of Directors to work through their issues. The Club has established grievance procedures available to all members if needed. Following those procedures can save unnecessary time and legal expenses for the Club.

Despite the above distraction from Operational Outcomes, it has been an outstanding effort by the Club's entire Team for ECBC to record a positive EBIDTA during the current cost-of-living crisis and in a year that has seen some of the large Club Groups report a reduction in profit and/or losses in their smaller subsidiaries.

Now to the Operations;

Thanks to the commitment to good Governance by the Board of Directors, along with Member engagement, we have an updated Strategic Plan. Updated from the original 2022 Strategic Plan. This plan provides the Club with an initial 5-year road map across five key areas;

1. Governance and Finance,
2. Infrastructure / Health and Safety,
3. Bowling Development,
4. Membership, Community Engagement and Volunteerism,
5. Electronic Gaming.

We are keen to commence works on updating the Club's facilities for us all to enjoy. This is a new era for the Club and from the Board of Directors and Management, we thank you sincerely in advance for your patience as these works are being carried out.

Thank you, to the entire Operational team. You continue to play a role in creating the Premium Venue in the Hunter Valley for all things Community (Our Vision). Our people will always remain our biggest asset. This is why, as an organisation we will continue to identify areas for Training and Development and continue to operate our Wellbeing Policy.

The Club's ongoing commitment to its founding purpose, the operation of the game of Bowls, is a testament to the strong foundation of the Club, despite the growing number of additional Sporting Disciplines and Teams that now call ECBC Sports 'Home'.

All of the ECBC Sports Members have played their part in giving back to the community through the Club Grants Scheme, which this year saw ECBC Sports donate \$44,945 to Category 1 applicants and a further \$26,500 to category 2. These amounts are outside any sponsorship agreements by the Club.

So, a huge thank you to our entire valued and loyal membership base, and my greatest appreciation to the Board of Directors for your continued belief and support of me.

Ellie O'Meley
ECBC Sports - CEO

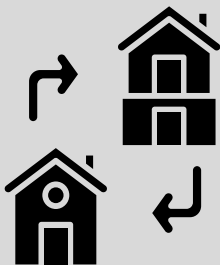
**A GLIMPSE
OF 2023/24 FINANCIAL YEAR**



\$1,364.378

**INCREASE IN INVESTMENT
PROPERTY HOLDINGS**

**COMMENCEMENT OF
CLUB FACILITY UPGRADES**



OF AN INITIAL

\$6M



EBITDA

\$746,429



\$ 80,000

SPENT ON

ENTERTAINMENT

\$225,000.00

**INVESTMENT IN
SOLAR POWER**





\$1,081.249
MEMBERS
AMENITIES INVESTMENT



\$ 271,803
TOTAL INVESTMENT
IN LAWN BOWLS



DEVELOPMENT
CONSENT
FOR 18 TOWNHOUSES
AT AN ESTIMATED
\$10M VALUE



\$82,000.00
DONATED TO OUR
LOCAL COMMUNITIES

Directors' report

Your Directors' present their report on East Cessnock Bowling Club Ltd (the Club) for the year ended 30 June 2024.

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 Davies

Chairperson
Director since 2019

37 years in Government Service – Defence, NSW Police and Department of Justice.

Mr William Bright

Director
Director since 2021

40 years experience in Local Government. 15 years as Senior Manager and 25 years as Executive Manager (following portfolios - Insurance & Risk Management liaising with local Police, Accounts, Procurement & materials management).
Qualifications: Associate Fellow Institute of Procurement & Materials Management, Qualified in Senior Procurement & Materials Management with additional passes in psychology & sociology.

Ms Penny Hyde

Director
Director appointed June 2024

Varied industry experience from banking through to hospitality and electrical maintenance

Mr Colin Smith

Director
Director since 2019, Resigned December 2023

38 years with HNE Health and still working, 17 years as a truck driver and 21 years in transportation. Has coached junior cricket team and been associated with other organisations including Basketball, Swimming, Soccer and Golf.

Company secretary

Mr Russell Banks was Secretary Manager until June 2023 and held Company Secretary position until August 2023. Mr Steven Fairfull has been the Company Secretary of East Cessnock Bowling Club Ltd since August 2023.

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 Davies	9	9
Mr Michael Gates	9	8
Mr William Bright	9	9
Mr Matthew Harrison	Appointed June 2024	1
Ms Penny Hyde	Appointed June 2024	1
Mr Steven Fairfull	Resigned January 2024	6
Mr Colin Smith	Resigned December 2023	5

Where:

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

Directors' report

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 30 June 2024, 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, 253 and 255 Maitland Road 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.

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 maintain 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.

	2024	2023
Revenue and Income	7,070,340	7,392,800
Expenses	<u>(7,417,110)</u>	<u>(7,064,403)</u>
Profit before income tax	(346,770)	328,397
Income tax	-	-
Net profit	<u>(346,770)</u>	<u>328,397</u>
Depreciation and amortisation	1,088,414	943,437
Interest expense	56,649	40,292
Interest income	<u>(51,864)</u>	<u>(19,388)</u>
EBITDA	<u>746,429</u>	<u>1,292,738</u>

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 \$52,189 (2023: \$65,596).

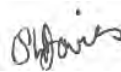
Rounding of amounts

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.

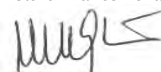
Auditor's independence declaration

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 Davies - Chairperson



Michael Gates - Vice Chairperson

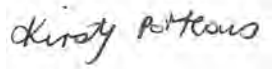
Dated: 24 September 2024

Auditor's independence declaration

To the Directors' of East Cessnock Bowling Club Ltd

In accordance with section 307C of the Corporations Act 2001, I declare that, to the best of my knowledge and belief in relation to the financial report of East Cessnock Bowling Club Ltd for the year ended 30 June 2024, 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 the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) in relation to the audit.



Kirsty Porteous - Partner



Pitcher Partners NH Partnership
Chartered Accountants

Dated: 24 September 2024
Newcastle West, NSW

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

		2024	2023
	Notes	\$	\$
Revenue from continuing operations	2	6,777,353	7,257,232
Other income	3	292,987	135,568
Bar cost of goods sold		(778,360)	(745,601)
Bar direct expenses		(744,893)	(687,991)
Rental property direct expenses		(44,939)	(35,915)
Gaming direct expenses		(1,472,232)	(1,552,033)
Clubhouse operations		(1,242,401)	(1,277,525)
Members amenities		(1,081,249)	(958,484)
Bowling expenses		(271,803)	(174,861)
Administration expenses		(1,724,584)	(1,591,701)
Finance costs		(56,649)	(40,292)
		(7,417,110)	(7,064,403)
Profit / (loss) before income tax		(346,770)	328,397
Income tax expense	1(e)	-	-
Profit / (loss) for the year		(346,770)	328,397
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		(346,770)	328,397

The above *statement of profit or loss and other comprehensive income* should be read in conjunction with the accompanying notes

Statement of financial position

For the year ended 30 June 2024

	Notes	2024 \$	2023 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,631,204	2,347,126
Trade receivables	5	30,470	39,680
Inventories	6	114,321	128,073
Financial assets at amortised cost	7	62,672	114,710
Assets held for sale	8	-	339,782
Other assets	9	184,637	221,384
Total current assets		2,023,304	3,190,755
Non-current assets			
Financial assets at amortised cost	7	1,663,384	1,710,963
Financial assets at fair value through profit or loss	10	17,550	20,250
Property, plant and equipment	11	9,431,266	9,696,874
Investment properties	12	2,712,784	1,348,406
Intangible assets	13	425,000	425,000
Lease assets	14	666,662	801,441
Total non-current assets		14,916,646	14,002,934
Total assets		16,939,950	17,193,689
LIABILITIES			
Current liabilities			
Trade and other payables	15	380,467	582,155
Financial liabilities	16	6,021	-
Lease liabilities	14	55,357	52,926
Provisions	17	156,585	177,477
Other liabilities	18	16,632	16,328
Total current liabilities		615,062	828,886
Non-current liabilities			
Lease liabilities	14	609,470	746,247
Financial liabilities	16	427,014	-
Provisions	17	40,623	30,312
Other liabilities	18	9,651	3,344
Total non-current liabilities		1,086,758	779,903
Total liabilities		1,701,820	1,608,789
Net assets		15,238,130	15,584,900
MEMBERS FUNDS			
Retained profits		15,238,130	15,584,900
Total members funds		15,238,130	15,584,900

The above *statement of profit or loss and other comprehensive income* should be read in conjunction with the accompanying notes

Statement of changes in equity

For the year ended 30 June 2024

	Retained profits	Total
	\$	\$
Balance at 1 July 2022	15,256,503	15,256,503
Profit / (loss) for the year	328,397	328,397
Other comprehensive income	-	-
Total comprehensive income for the year	328,397	328,397
Balance at 30 June 2023	15,584,900	15,584,900
Profit / (loss) for the year	(346,770)	(346,770)
Other comprehensive income	-	-
Total comprehensive income for the year	(346,770)	(346,770)
Balance at 30 June 2024	15,238,130	15,238,130

The above *statement of profit or loss and other comprehensive income* should be read in conjunction with the accompanying notes

Statement of cash flows

For the year ended 30 June 2024

	2024	2023
Notes	\$	\$
Cash flows from operating activities		
Receipts from members and customers	7,712,565	8,318,224
Payments to suppliers and employees	(7,034,706)	(6,944,547)
Interest received	51,864	19,388
Interest paid	(56,649)	(40,292)
Dividends received	-	2,600
Net cash inflow (outflow) from operating activities	673,074	1,355,373
Cash flows from investing activities		
Payments for property, plant and equipment	(916,899)	(1,306,220)
Payments for investments properties	(1,474,785)	-
Proceeds from sale of property, plant and equipment	15,000	28,685
Proceeds from sale of shares	-	343,762
Proceeds from sale of investment properties	570,000	-
Proceeds from loans receivable	37,579	14,092
Transfer to/from interest bearing deposit	-	(10,048)
Net cash inflow (outflow) from investing activities	(1,769,105)	(929,729)
Cash flows from financing activities		
Proceeds from borrowings	440,000	-
Repayment of borrowings	(6,965)	-
Repayment of lease liabilities	(52,926)	(42,324)
Net cash inflow (outflow) from financing activities	380,109	(42,324)
Net increase in cash and cash equivalents	(715,922)	383,320
Cash and cash equivalents at the beginning of the financial year	2,347,126	1,963,806
Cash and cash equivalents at the end of the financial year	1,631,204	2,347,126

The above *statement of profit or loss and other comprehensive income* should be read in conjunction with the accompanying notes

Notes to the financial statements

For the year ended 30 June 2024

1 Summary of material 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.

(c) Material accounting policy information

The material accounting policies applied in the preparation of this financial report are consistent with the previous period unless otherwise stated.

(d) 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.

(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.

(f) Comparative information

Comparative information has been adjusted to reflect current year disclosures where applicable.

Notes to the financial statements

For the year ended 30 June 2024

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:

	Beverage revenue	Raffles and Housie revenue	Gaming revenue	Membership revenue	Rental revenue	Other revenue	Total
2024	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	1,522,334	615,949	4,403,028	14,841	-	154,388	6,710,540
Other revenue (not covered by AASB15)	-	-	17,180	-	49,633	-	66,813
	<u>1,522,334</u>	<u>615,949</u>	<u>4,420,208</u>	<u>14,841</u>	<u>49,633</u>	<u>154,388</u>	<u>6,777,353</u>
<i>Timing of revenue recognition</i>							
At a point in time	1,522,334	615,949	4,403,028	-	49,633	151,523	6,742,467
Over time	-	-	17,180	14,841	-	2,865	34,886
	<u>1,522,334</u>	<u>615,949</u>	<u>4,420,208</u>	<u>14,841</u>	<u>49,633</u>	<u>154,388</u>	<u>6,777,353</u>

	Beverage revenue	Raffles and Housie revenue	Gaming revenue	Membership revenue	Rental revenue	Other revenue	Total
2023	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	1,574,062	619,765	4,791,738	36,689	-	158,792	7,181,046
Other revenue (not covered by AASB15)	-	-	17,180	-	59,006	-	76,186
	<u>1,574,062</u>	<u>619,765</u>	<u>4,808,918</u>	<u>36,689</u>	<u>59,006</u>	<u>158,792</u>	<u>7,257,232</u>
<i>Timing of revenue recognition</i>							
At a point in time	1,574,062	619,765	4,791,738	-	59,006	155,927	7,200,498
Over time	-	-	17,180	36,689	-	2,865	56,734
	<u>1,574,062</u>	<u>619,765</u>	<u>4,808,918</u>	<u>36,689</u>	<u>59,006</u>	<u>158,792</u>	<u>7,257,232</u>

(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.

Notes to the financial statements

For the year ended 30 June 2024

2 Revenue (continued)

(b) Accounting policies and significant judgements

(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

	2024	2023
	\$	\$
(a) Other income		
Interest income	51,864	19,388
Dividends income	-	2,600
Insurance recoveries	110,068	113,580
Wages subsidies	14,905	-
Gain on disposal	116,150	-
	<u>292,987</u>	<u>135,568</u>

(i) *Interest and dividend income*

Interest and dividend income is recognised on an accruals basis.

(ii) *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.

(iii) *Wages subsidies*

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

(iv) *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.

(b) Other expenses

Employee benefits expense	2,110,096	1,968,455
Loss on disposal of plant and equipment	-	67,522
Interest costs	56,649	40,292
Amortisation and depreciation	1,088,414	943,437

Notes to the financial statements

For the year ended 30 June 2024

4 Cash and cash equivalents

	2024	2023
	\$	\$
Current		
Cash and cash equivalents	1,631,204	2,347,126
	<u>1,631,204</u>	<u>2,347,126</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	30,470	39,680
	<u>30,470</u>	<u>39,680</u>

6 Inventories

Current		
Stock on hand - bar	52,512	66,597
Stock on hand - bowls	61,809	61,476
	<u>114,321</u>	<u>128,073</u>

Accounting policy

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

7 Financial assets at amortised cost

Current		
Loans - Secured (i)	33,548	23,548
Term Deposits	10,048	10,048
Other receivables	19,076	81,114
	<u>62,672</u>	<u>114,710</u>

Non - Current

Loans - Secured (i)	1,663,384	1,710,963
	<u>1,663,384</u>	<u>1,710,963</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 2024

8 Assets held for sale

2024	2023
\$	\$

The Club disposed of its property at 6 Anstey Street Cessnock during the year.

The following assets have been identified as part of the proposed sale:

Investment Properties at 6 Anstey Street - at cost	-	339,782
	<u>-</u>	<u>339,782</u>

Accounting policy

When the Club intends to sell a non-current asset or a group of assets (a disposal group), and if sale within twelve (12) months is highly probable, the asset or disposal group is classified as 'held for sale' and presented separately in the statement of financial position.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some 'held for sale' assets such as financial assets, continue to be measured in accordance with the Company's accounting policy for those assets. Once classified as 'held for sale', the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or re-measurement of assets held for sale is presented as part of a single line item, profit or loss from assets held for sale.

9 Other assets**Current**

Prepayments	184,637	221,384
	<u>184,637</u>	<u>221,384</u>

10 Financial assets at fair value through profit or loss**Current**

Shares	17,550	20,250
	<u>17,550</u>	<u>20,250</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.

11 Property, plant and equipment

	Building improvements \$	Plant and equipment \$	Poker machines \$	Capital WIP \$	Total \$
Non-current assets					
At 1 July 2023					
Cost	11,793,181	2,962,266	2,790,819	143,448	17,689,714
Accumulated depreciation	(5,381,033)	(1,240,791)	(1,371,016)	-	(7,992,840)
Net book amount	<u>6,412,148</u>	<u>1,721,475</u>	<u>1,419,803</u>	<u>143,448</u>	<u>9,696,874</u>
Year ended 30 June 2024					
Opening net book amount	6,412,148	1,721,475	1,419,803	143,448	9,696,874
Additions	171,748	293,006	201,904	121,332	787,990
Disposals	-	-	(38,794)	-	(38,794)
Depreciation charge	(307,332)	(352,010)	(355,462)	-	(1,014,804)
Closing net book amount	<u>6,276,564</u>	<u>1,662,471</u>	<u>1,227,451</u>	<u>264,780</u>	<u>9,431,266</u>
At 30 June 2024					
Cost	11,964,929	3,255,270	2,860,157	264,780	18,345,136
Accumulated depreciation	(5,688,365)	(1,592,799)	(1,632,706)	-	(8,913,870)
Net book amount	<u>6,276,564</u>	<u>1,662,471</u>	<u>1,227,451</u>	<u>264,780</u>	<u>9,431,266</u>

Notes to the financial statements

For the year ended 30 June 2024

11 Property, plant and equipment (continued)**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 accumulated impairment losses.

(c) Depreciation

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

Buildings	40 years
Plant & Equipment	5 - 20 years
Poker Machines	4 - 10 years

(d) Impairment

Property, plant and equipment are tested for impairment whenever events or circumstances indicate that the asset may be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash inflows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. An impairment loss is recognised when the carrying amount of an asset or cash generating unit (to which the asset belongs) exceeds its 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 dependent on the asset's ability to generate net cash inflows and if deprived of the asset the Company would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Significant accounting estimates and judgements

The useful life of property, plant and equipment 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 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.

12 Investment properties

	2024	2023
	\$	\$
Non-current assets - at cost		
Opening balance at 1 July	1,348,406	1,705,265
Additions	1,474,785	-
Transferred to held for sale	-	(339,782)
Disposals	(90,156)	-
Depreciation	(20,251)	(17,077)
Closing balance at 30 June	<u>2,712,784</u>	<u>1,348,406</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.

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.

Notes to the financial statements

For the year ended 30 June 2024

13 Intangible assets

Non-current assets	Poker machine entitlements	2024	2023
	\$	\$	\$
As at 30 June 2024			
Cost	425,000	425,000	425,000
Net book amount	<u>425,000</u>	<u>425,000</u>	<u>425,000</u>
Reconciliation			
Opening net book amount	425,000	425,000	425,000
Closing net book amount	<u>425,000</u>	<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.

14 Lease assets and lease liabilities

	2024	2023
	\$	\$

The Club leases land where the Clubhouse is situated from Crown Lands and a number of poker machines.

a) Lease assets**Non-current**

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

Land lease	600,000	681,420
Poker Machines	<u>66,662</u>	<u>120,021</u>
	<u>666,662</u>	<u>801,441</u>

Reconciliation of lease assets

	Land	Poker Machines	Total	Total
	\$	\$	\$	\$
Carrying amount at the beginning of the year	681,420	120,021	801,441	647,280
Additions	-	-	-	194,217
Restatements	(81,420)	-	(81,420)	-
Amortisation	-	(53,359)	(53,359)	(40,056)
Carrying amount at the end of the year	<u>600,000</u>	<u>66,662</u>	<u>666,662</u>	<u>801,441</u>

b) Lease liabilities**Current**

Lease liabilities	-	55,357	55,357	52,926
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Non-current

Lease liabilities	600,000	9,470	609,470	746,247
Total	<u>600,000</u>	<u>64,827</u>	<u>664,827</u>	<u>799,173</u>

Reconciliation of lease liabilities

	Land	Poker Machines	Total	Total
	\$	\$	\$	\$
Carrying amount at the beginning of the year	681,420	117,753	799,173	647,280
Additions	-	-	-	194,217
Restatements	(81,420)	-	(81,420)	-
Interest expense	30,000	4,002	34,002	39,187
Lease payments	(30,000)	(56,928)	(86,928)	(81,511)
Carrying amount at the end of the year	<u>600,000</u>	<u>64,827</u>	<u>664,827</u>	<u>799,173</u>

Maturity analysis of future lease payments

		Total	Total
		\$	\$
Not later than 1 year	56,928	56,928	56,928
Later than 1 year and not later than 5 years	9,488	9,488	66,416
Lease payments	<u>66,416</u>	<u>66,416</u>	<u>123,344</u>

Notes to the financial statements

For the year ended 30 June 2024

14 Lease assets and lease liabilities (continued)

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 \$30,000 and discounted using the incremental borrowing rate noted below.

Accounting policy

Lease assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, on a basis that is consistent with the expected pattern of consumption of the economic benefits embodied in the underlying asset.

Lease liabilities are measured at the present value of the remaining lease payments. Interest expense on lease liabilities is recognised in profit or loss. Variable lease payments not included in the measurement of lease liabilities are recognised as an expense in the period in which they are incurred.

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

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%.

Lease assets are tested for impairment whenever events or circumstances indicate that the asset may be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash inflows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. An impairment loss is recognised when the carrying amount of an asset or cash generating unit (to which the asset belongs) exceeds its recoverable amount.

Significant accounting estimates and judgements

The useful life of 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 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.

Accounting for Lease in Perpetuity with Crown Lands NSW - 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.

15 Trade and other payables

	2024	2023
	\$	\$
Current		
Trade payables	84,803	373,472
Other payables and accruals	282,555	171,441
GST payable	13,109	37,242
	<u>380,467</u>	<u>582,155</u>

Accounting policy

Trade and other payables, including accruals, are non-interest bearing and are generally due for payment within 30 days of the invoice date.

Notes to the financial statements

For the year ended 30 June 2024

16 Financial liabilities

	2024	2023
	\$	\$
Current		
<i>Secured</i>		
Bank loans (i)	6,021	-
Total secured financial liabilities	<u>6,021</u>	<u>-</u>
Non-current		
<i>Secured</i>		
Bank loans (i)	427,014	-
Total secured financial liabilities	<u>427,014</u>	<u>-</u>

(i) Secured liabilities

The bank loans and undrawn facilities are secured over the property located at 253 Maitland Road Cessnock NSW 2325. The Club has unused facilities from the bank of \$6,253.

Accounting policy

Financial liabilities are initially recognised at fair value, net of transaction costs incurred. Borrowing costs are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest rate method.

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

17 Provisions

Current		
Employee entitlements (i) & (ii)	85,760	120,803
Jackpots	5,596	35,402
Other	65,229	21,272
	<u>156,585</u>	<u>177,477</u>
Non-current		
Employee entitlements (ii)	40,623	30,312
	<u>40,623</u>	<u>30,312</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.

18 Other liabilities

Current		
Contract liabilities - membership income	16,211	14,054
Other liabilities	421	2,274
	<u>16,632</u>	<u>16,328</u>
Non-current		
Contract Liabilities - membership income	9,651	3,344
	<u>9,651</u>	<u>3,344</u>

Accounting policy

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.

Notes to the financial statements

For the year ended 30 June 2024

19 Contingent liabilities

	2024	2023
	\$	\$
Bank guarantee substituting for a security deposit for TAB facilities	5,000	5,000
	<u>5,000</u>	<u>5,000</u>

20 Commitments(i) *Capital commitments*

-	224,500
<u>-</u>	<u>224,500</u>

Prior year capital commitments relate to the Club's solar system that has been installed during the year and completed in August 2023.

21 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) *Key management personnel compensation*

2024	2023
\$	\$

Total key management personnel benefits	221,816	347,777
	<u>221,816</u>	<u>347,777</u>

(b) *Transactions with other related parties*

Troy O'Meley is a relative of CEO, Ellie Lange. During the year, the Club provided Troy with sponsorship as part his participation in the sport of boxing.

Troy O'Meley is employed by the Club under normal terms and conditions.

-	15,270
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Prior to the employment of Ellie Lange, the Club entered into a sale agreement in 2019 with O'Lange Pty Ltd (of which a member of the Key Management Personnel, Ellie Lange is a Director). Interest is charged between 1.1% and 5% p.a.

Amount receivable from the Club

1,696,933	1,734,511
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Interest received

16,452	21,879
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Cotter Smart Pty Ltd (related entity of CEO Ellie Lange) purchased 6 Anstey St from the Club.

570,000	-
<u>570,000</u>	<u>-</u>

22 Remuneration of auditors*Auditor of the Club*

Audit of the financial statements
Other services - consulting services

24,500	23,300
<u>28,141</u>	<u>33,139</u>
52,641	56,439
<u>52,641</u>	<u>56,439</u>

East Cessnock Bowling Club Ltd

Consolidated entity disclosure statement

For the year ended 30 June 2024

East Cessnock Bowling Club Ltd is not required by Australian Accounting Standards to prepare consolidated financial statements.

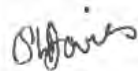
Accordingly, in accordance with subsection 295 (3A) of the Corporations Act 2001, no further information is required to be disclosed in this consolidated entity disclosure statement.

Directors' declaration

In the Directors' opinion:

- (a) The financial statements, notes and consolidated entity disclosure statement set out on pages 6 to 20 are in accordance with the the Corporations Act 2001, including:
 - (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 2024 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable; and
- (c) the consolidated entity disclosure statement required by subsection 295 (3A) of the Corporations Act 2001 is true and correct.

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



Steven Davies - Chairperson



Michael Gates - Vice Chairperson

24 September 2024
Cessnock, NSW

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

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 2024, 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 material accounting policies, the consolidated entity disclosure statement, and the Directors' declaration.

In our opinion, the accompanying financial report of the Club is in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the Club's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Club in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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 audit 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 2024, 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.

Independent auditor's report (cont)

Responsibilities of the Directors for the financial report

The directors of the Club are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the Corporations Act 2001; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001; and

for such internal control as the directors determine is necessary to enable the preparation of:

- (i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- (ii) the consolidated entity disclosure statement that is true and correct and is free of 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 2024 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.

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

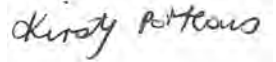
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a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

Independent auditor's report (cont)

Auditor's responsibilities for the audit of the financial report (continued)

- Conclude on the appropriateness of the directors' 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 significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Club 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.

We communicate with 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 we identify during our audit.



Kirsty Porteous - Partner



Pitcher Partners NH Partnership
Chartered Accountants

24 September 2024
Newcastle West, NSW





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