



BERESFIELD BOWLING CLUB LIMITED

ACN: 163 531 691

FINANCIAL REPORT

for the year ended 31 May 2019

BERESFIELD BOWLING CLUB LIMITED

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FINANCIAL REPORT

for the year ended 31 May 2019

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BERESFIELD BOWLING CLUB LIMITED

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DIRECTORS' REPORT

Your directors present their report on Beresfield Bowling Club Limited for the financial year ended 31 May 2019.

Directors

The names of each person who has been a director during the year to the date of this report are:

Mr Ron Morley
Mr Colin Byron
Mr Des Skinner
Mr Terry Lockwood
Mr Michael Brent
Mr Wayne Lewis
Mr Noel Allardice
Mr Mark Conway
Mr Don Lawrence

Directors have been office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the Club during the financial year was the operation of a bowling club in accordance with its objectives and for the benefit of its members.

No significant change in the nature of this activity occurred during the year.

Operating Result

The net loss of the Club for the financial year amounted to \$58,878 (2018: net profit of \$733,154).

Short and Long-term Objectives

The Club's short-term objectives are to:

- Maintain quality bowling facilities and actively encourage growth and participation in the sport;
- Provide members and guests with modern facilities and efficient service in a safe and friendly environment; and
- Be recognised in the community as a progressive and successful Club that provides a significant contribution to the community as a whole.

The Club's long-term objectives are to:

- Continue to nurture and develop the sport of bowls at every level;
- Continue to develop and refine the Club's Master Plan, which includes ongoing communication with local government authorities to ensure the best possible use of the land holdings that surround the Club; and
- Generate profits that can be reinvested into improved services and facilities for members and community support.

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DIRECTORS' REPORT

Strategies

To achieve its stated objectives, the Club has adopted the following strategies:

- Ensuring the Club's financial performance is optimized through the constant review and evaluation of the Club's business practice, continuing to listen and respond to our members and their guest's needs; and
- Monitoring and reviewing the Club's financial and non-financial key performance indicators in order to measure the Club's performance against industry best practice.

Information on Directors

Name	Occupation / Qualifications	Position / Special Responsibilities	Years as Director
Mr Ron Morley	Retired	Director	30
Mr Colin Byron	Retired	Director / Senior Vice Chairman	25
Mr Des Skinner	Retired	Director / Chairman	22
Mr Terry Lockwood	Retired	Director / Vice Chairman	21
Mr Michael Brent	Retired	Director / Treasurer	11
Mr Wayne Lewis	Retired	Director	11
Mr Noel Allardice	Retired	Director	6
Mr Don Lawrence	Retired	Director	6
Mr Mark Conway	Stock Loss Advisor	Director	4

Meetings of Directors

During the year, 21 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Eligible to Attend	Number Attended
Mr Ron Morley	21	16
Mr Colin Byron	21	18
Mr Des Skinner	21	19
Mr Terry Lockwood	21	20
Mr Michael Brent	21	21
Mr Wayne Lewis	21	16
Mr Noel Allardice	21	18
Mr Don Lawrence	21	21
Mr Mark Conway	21	19

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DIRECTORS' REPORT

Members Guarantee

The Club is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the company. At 31 May 2019, the total amount that members of the company are liable to contribute if the company is wound up is \$8,150 (2018: \$7,707).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 May 2019 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Board of Directors.



Des Skinner
Director



Michael Brent
Director


Dated this 16th day of July 2019

Beresfield Bowling Club

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 31 May 2019 there have been:

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



PKF



CLAYTON HICKEY

PARTNER

16 JULY 2019

NEWCASTLE, NSW

BERESFIELD BOWLING CLUB LIMITED

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 May 2019

	Note	2019	2018
		\$	\$
Revenue	2	8,580,324	8,785,666
Other income	2	69,290	188,993
Changes in inventories of finished goods		3,969	2,770
Raw materials and consumables used	3	(860,126)	(803,711)
Employee benefits expense		(2,394,197)	(2,329,022)
Depreciation and amortisation expense	3	(1,103,596)	(924,920)
Advertising and promotions expense		(427,013)	(364,454)
Entertainment and membership expense		(922,975)	(900,747)
Insurance expense		(180,738)	(161,711)
Poker machine duty		(1,035,717)	(1,116,359)
Rates and utilities		(327,515)	(283,223)
Repairs and maintenance		(578,849)	(568,846)
Other expenses		(822,692)	(787,742)
Finance costs	3	(59,043)	(3,540)
(Loss) / profit before income tax		(58,878)	733,154
Income tax expense	1(a)	-	-
Net (loss) / profit		(58,878)	733,154
Other comprehensive income			
Revaluation of land and buildings		1,220,074	-
Total other comprehensive income		1,220,074	-
Total comprehensive income attributable to members of the entity		1,161,196	733,154

The accompanying notes form part of these financial statements

BERESFIELD BOWLING CLUB LIMITED

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STATEMENT OF FINANCIAL POSITION

as at 31 May 2019

	Note	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,434,063	1,776,843
Trade and other receivables	5	37,638	25,718
Inventories	6	57,135	53,166
Other current assets	7	79,544	78,866
Total current assets		1,608,380	1,934,593
Non-current assets			
Property, plant and equipment	8	14,034,053	12,284,483
Investment property	9	910,000	910,000
Intangible assets	10	464,829	464,829
Total non-current assets		15,408,882	13,659,312
TOTAL ASSETS		17,017,262	15,593,905
LIABILITIES			
Current liabilities			
Trade and other payables	11	682,128	999,051
Borrowings	12	385,569	300,000
Short-term provisions	13	372,280	382,717
Other current liabilities	14	178,401	173,014
Total current liabilities		1,618,378	1,854,782
Non-current liabilities			
Borrowings	12	659,687	166,150
Other long-term provisions	13	34,836	29,808
Total non-current liabilities		694,523	195,958
TOTAL LIABILITIES		2,312,901	2,050,740
NET ASSETS		14,704,361	13,543,165
EQUITY			
Reserves	15	2,770,208	1,550,134
Retained earnings		11,934,153	11,993,031
TOTAL EQUITY		14,704,361	13,543,165

The accompanying notes form part of these financial statements

BERESFIELD BOWLING CLUB LIMITED

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STATEMENT OF CHANGES IN EQUITY

for the year ended 31 May 2019

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance 1 June 2017	11,259,877	1,550,134	12,810,011
Comprehensive income:			
Profit for the year attributable to members of the entity	733,154	-	733,154
Other comprehensive income for the year	-	-	-
Total comprehensive income attributable to members of the entity	733,154	-	733,154
Balance at 31 May 2018	11,993,031	1,550,134	13,543,165
Balance 1 June 2018	11,993,031	1,550,134	13,543,165
Comprehensive income:			
Loss for the year attributable to members of the entity	(58,878)	-	(58,878)
Other comprehensive income for the year	-	1,220,074	1,220,074
Total comprehensive income attributable to members of the entity	(58,878)	1,220,074	1,161,196
Balance at 31 May 2019	11,934,153	2,770,208	14,704,361

The accompanying notes form part of these financial statements

BERESFIELD BOWLING CLUB LIMITED

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STATEMENT OF CASH FLOWS

for the year ended 31 May 2019

	Note	2019	2018
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		9,093,439	9,376,776
Payments to suppliers and employees		(8,060,999)	(7,833,238)
Interest received		12,868	14,538
Finance costs paid		(59,043)	(3,540)
Net cash generated from operating activities		986,265	1,554,536
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		70,973	47,990
Payments for property, plant and equipment		(1,979,124)	(1,555,256)
Net cash used in investing activities		(1,908,151)	(1,507,266)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,062,676	466,150
Repayment of borrowings		(483,570)	(93,000)
Net cash generated from financing activities		579,106	373,150
Net (decrease) / increase in cash held		(342,780)	420,420
Cash and cash equivalents at beginning of the financial year		1,776,843	1,356,423
Cash and cash equivalents at end of the financial year	4	1,434,063	1,776,843

The accompanying notes form part of these financial statements

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

The financial statements cover Beresfield Bowling Club Limited as an individual entity, incorporated and domiciled in Australia. Beresfield Bowling Club Limited is a company limited by guarantee.

The financial statements were authorised for issue on 16th July 2019 by the directors of the Company.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

A not-for-profit entity is an entity whose primary objective is to provide goods or services for community or social benefit and where equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board ('AASB') has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

New or Amended Accounting Standards and Interpretations Adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 June 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

Note 1: Summary of Significant Accounting Policies (cont'd)

New or amended Accounting Standards and Interpretations adopted (cont'd)

AASB 9 Financial Instruments (cont'd)

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' model to recognise an allowance. Impairment is measured using a 12-month expected credit loss method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime expected credit loss method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Accounting Policies

(a) Income Tax

The Company has claimed an income tax exemption as a sporting club in accordance with Section 50-45 of the *Income Tax Assessment Act 1997*. The income tax exemption has been claimed based on self assessment by the Company. Accordingly no provision for income tax has been recognised in the financial statements.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

Note 1: Summary of Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when freehold land and buildings are not subject to an independent valuation the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different from the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis, less depreciation and impairment losses.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis or diminishing value basis over the assets useful life to the Company commencing from the time the asset is held ready for use.

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

Note 1: Summary of Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment (cont'd)

Depreciation Rates

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

Clubhouse and surrounds	2.5 - 5%
Plant and equipment	9 - 40%
Computer software	25 - 33%
Poker machines	20 - 36%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Investment Property

Investment property, comprising residential properties, is held to generate long-term rental yields. All tenant leases are on an arms length basis. Investment property is carried at fair value, determined by independent valuers when there is a material change in fair value. Changes to fair value are recorded in the profit or loss.

(e) Intangibles

Poker Machine Entitlements

Poker machine entitlements are recorded at cost and are deemed to have an indefinite life. They are tested annually for impairment and carried at cost less any accumulated impairment losses.

(f) Leases

Finance Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis or diminishing value basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

Note 1: Summary of Significant Accounting Policies (cont'd)

(f) Leases (cont'd)

Operating Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified as 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial Liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to the profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

Financial Assets

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. Measurement is on the basis of two primary criteria being the contractual cash flow characteristics of the financial asset and the business model for managing the financial asset.

A financial asset is subsequently measured at amortised cost where the financial asset is managed solely to collect contractual cash flows and the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured fair value through other comprehensive income where the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates and the business model for managing the financial asset comprises both contractual cash flow collections and the selling of the financial asset.

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

Note 1: Summary of Significant Accounting Policies (cont'd)

(g) Financial Instruments (cont'd)

Financial Assets (cont'd)

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of Financial Liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of Financial Assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

The criteria for the derecognition of a financial asset is satisfied when the right to receive cash flows from the asset has expired or been transferred, all risks and rewards of ownership of the asset have been substantially transferred and the Company no longer controls the asset (ie: has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Expected Credit Losses

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

Note 1: Summary of Significant Accounting Policies (cont'd)

(g) Financial Instruments (cont'd)

Expected Credit Losses (cont'd)

The Company uses the simplified approach to impairment. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of expected credit loss at all times. This approach is applicable to trade receivables.

Recognition of Expected Credit Losses in Financial Statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit and loss and other comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(h) Impairment of Assets

At the end of each reporting period, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which it belongs.

(i) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

Note 1: Summary of Significant Accounting Policies (cont'd)

(j) Cash and Cash Equivalents

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

(k) Revenue and Other Income

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Revenue from investment properties is recognised on an accruals basis or straight-line basis in accordance with lease agreements.

Membership subscriptions income is recognised as income in the year to which it relates.

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

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

(l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO. The GST component of financing and investing activities which is recoverable from, or payable to, the ATO is classified as a part of operating cash flows. Accordingly, investing and financing cash flows are presented in the Statement of Cash Flows net of the GST that is recoverable from, or payable to, the ATO.

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

Note 1: Summary of Significant Accounting Policies (cont'd)

(n) Comparative Figures

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

(o) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(q) Critical Accounting Estimates and Judgements

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

Key Estimates and Judgements

(i) Asset Useful Lives

The Company determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovation or some other event. The depreciation charge will increase where the useful lives are less than previously estimated, or where obsolete assets are sold or written off.

(ii) Fair Value and Impairment

Freehold land and buildings are included in the financial statements at fair value. Fair value has been determined with reference to independent valuations obtained by the Company. The freehold land and buildings were last independently valued in 2019 by Robertson & Robertson Consulting Valuers. The fair value was based on the depreciated replacement cost. The critical assumptions adopted in determining the valuation included the location of the land and buildings, dimensions of the land and zoning of the property.

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

Note 1: Summary of Significant Accounting Policies (cont'd)

(q) Critical Accounting Estimates and Judgements (cont'd)

Key Estimates and Judgements (cont'd)

(ii) Fair Value and Impairment (cont'd)

Investment properties are included in the financial statements at fair value. Fair value has been determined with reference to independent market appraisals obtained by the Company. The directors assessed the appropriateness of the fair value of the investment properties during the current financial year by obtaining market appraisals from James Henry Real Estate. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for buildings in the area and recent sales data for similar properties.

(iii) Discounted Values

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases have been taken into account.

(iv) Income Tax Exemption

The income tax exemption has been claimed based on self assessment by the Company. Self assessment involves determining whether the Company satisfies the definition of an exempt sporting club. Several factors, including the main purpose of the Company as well as any changes in the structure or activities of the Company, need to be considered in making the assessment.

BERESFIELD BOWLING CLUB LIMITED

ACN: 163 531 691

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

	Note	2019	2018
		\$	\$
Note 2: Revenue			
Operating activities			
Sale of goods		2,422,431	2,275,642
Commissions		252,203	268,628
Competitions revenue		170,219	187,168
Poker machine revenue		5,479,910	5,811,682
Fees		84,842	89,393
Rental revenue		51,851	51,834
Interest received		12,868	14,538
Gaming tax rebate		17,180	17,180
Other revenue		88,820	69,601
Total revenue		<u>8,580,324</u>	<u>8,785,666</u>
Other income			
Gain on disposal of property, plant and equipment		69,290	43,993
Change in fair value of investment property		-	145,000
Total other income		<u>69,290</u>	<u>188,993</u>
Note 3: Profit from Operations			
(a) Expenses			
Raw materials and consumables used		860,126	803,711
Finance costs:			
Other persons		59,043	3,540
Depreciation of property, plant and equipment		1,103,596	924,920

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

	Note	2019	2018
		\$	\$
Note 4: Cash and Cash Equivalents			
Cash on hand		175,000	175,000
Cash at bank		359,874	373,982
Short-term bank deposits		899,189	1,227,861
		<u>1,434,063</u>	<u>1,776,843</u>
Note 5: Trade and Other Receivables			
CURRENT			
Trade receivables		<u>37,638</u>	<u>25,718</u>
Note 6: Inventories			
CURRENT			
Finished goods, at cost		<u>57,135</u>	<u>53,166</u>
Note 7: Other Assets			
CURRENT			
Prepayments		<u>79,544</u>	<u>78,866</u>
Note 8: Property, Plant and Equipment			
LAND AND BUILDINGS			
Freehold land:			
at independent valuation (2014)		-	2,050,000
at independent valuation (2019)		2,540,000	-
Clubhouse building and surrounds:			
at independent valuation (2014)		-	7,550,000
at independent valuation (2019)		9,345,000	-
additions, at cost		-	482,056
Less accumulated depreciation		-	(810,664)
Total clubhouse building and surrounds		<u>9,345,000</u>	<u>7,221,392</u>
Capital works in progress, at cost		-	1,235,178
Total land and buildings		<u>11,885,000</u>	<u>10,506,570</u>

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

	Note	2019	2018
		\$	\$
Note 8: Property, Plant and Equipment (cont'd)			
PLANT AND EQUIPMENT			
Plant and equipment, at cost		3,341,499	2,796,407
Less accumulated depreciation		(2,044,807)	(1,880,044)
		<u>1,296,692</u>	<u>916,363</u>
Computer software, at cost		94,008	64,009
Less accumulated depreciation		(65,554)	(64,009)
		<u>28,454</u>	<u>-</u>
Poker machines, at cost		4,121,159	3,964,524
Less accumulated depreciation		(3,297,252)	(3,102,974)
		<u>823,907</u>	<u>861,550</u>
Total plant and equipment		<u>2,149,053</u>	<u>1,777,913</u>
Total property, plant and equipment		<u>14,034,053</u>	<u>12,284,483</u>

The Company's freehold land, clubhouse buildings and surrounds were valued in 2019 by Robertson & Robertson, independent certified practising valuers.

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

Note 8: Property, Plant and Equipment (cont'd)

(a) Movement in Carrying Amounts

	Freehold land at valuation \$	Clubhouse and surrounds at valuation \$	Capital works in progress \$	Plant and equipment at cost \$
Balance at beginning of the financial year	2,050,000	7,221,392	1,235,178	916,363
Additions	-	46,540	353,561	669,278
Disposals	-	-	-	(772)
Depreciation expense	-	(241,745)	-	(288,177)
Transfers	-	1,588,739	(1,588,739)	-
Revaluation adjustment	490,000	730,074	-	-
Carrying amount at end of the financial year	2,540,000	9,345,000	-	1,296,692

	Computer Software at cost \$	Poker Machines at cost \$	Total \$
Balance at beginning of the financial year	-	861,550	12,284,483
Additions	29,999	535,397	1,634,775
Disposals	-	(911)	(1,683)
Depreciation expense	(1,545)	(572,129)	(1,103,596)
Transfers	-	-	-
Revaluation adjustment	-	-	1,220,074
Carrying amount at end of the financial year	28,454	823,907	14,034,053

Note	2019	2018
	\$	\$

Note 9: Investment Property

Balance at beginning of the financial year	910,000	765,000
Additions	-	-
Disposals	-	-
Fair value adjustment	-	145,000
Carrying amount at end of the financial year	910,000	910,000

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

	Note	2019	2018
		\$	\$
Note 9: Investment Property (cont'd)			

The fair value model is applied to all investment property. Investment property fair values are reviewed by the directors on an annual basis. Where material changes in the fair value arise as a result of the review, the difference is taken to the Income Statement. Investment properties were last revalued in 2018.

Note 10: Intangible Assets

Poker machine entitlements, at cost		<u><u>464,829</u></u>	<u><u>464,829</u></u>
-------------------------------------	--	-----------------------	-----------------------

The Company has a total of 125 (2018: 125) poker machine entitlements. 105 (2018: 105) of these entitlements were granted to the Company at no cost. The value of these entitlements has not been recognised as an asset as they do not meet the recognition and measurement criteria of the applicable accounting standards.

(a) Movement in Carrying Amounts

	Poker machine entitlements	Total
	\$	\$
Balance at beginning of the financial year	464,829	464,829
Additions	-	-
Disposals	-	-
Carrying amount at end of the financial year	<u><u>464,829</u></u>	<u><u>464,829</u></u>

	Note	2019	2018
		\$	\$

Note 11: Trade and Other Payables

CURRENT

Unsecured liabilities:

Trade payables		184,479	519,132
Sundry payables and accrued expenses		497,649	479,919
		<u><u>682,128</u></u>	<u><u>999,051</u></u>

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

	Note	2019	2018
		\$	\$
Note 12: Borrowings			
CURRENT			
Secured liabilities:			
Asset purchase obligations	12(a)	25,569	-
Bank loans	12(b)	360,000	300,000
		<u>385,569</u>	<u>300,000</u>
NON-CURRENT			
Secured liabilities:			
Asset purchase obligations	12(a)	36,841	-
Bank loans	12(b)	622,846	166,150
		<u>659,687</u>	<u>166,150</u>

(a) The asset purchase obligations are secured against the underlying assets.

(b) The bank loans are secured by a first registered mortgage over the properties at Beresfield together with a first registered fixed and floating charge over the present and future assets of the Company.

Note 13: Provisions

(a) Movement in Carrying Amounts

	Employee entitlements	Total
	\$	\$
Balance at beginning of the financial year	412,525	412,525
Additional provisions	210,541	210,541
Amounts utilised	(215,951)	(215,951)
Carrying amount at end of the financial year	<u>407,115</u>	<u>407,115</u>

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

	Note	2019	2018
		\$	\$
Note 13: Provisions (cont'd)			
(b) Analysis of Total Provisions			
Current		372,280	382,717
Non-Current		34,836	29,808
		407,116	412,525

(c) Provision for Short-term Employee Benefits

A provision has been recognised for employee benefits relating to annual leave and sick leave (where sick leave is vesting). The measurement and recognition criterion relating to employee benefits has been included in Note 1 of the financial statements.

(d) Provision for Long-term Employee Benefits

A provision has been recognised for employee benefits relating to long service leave. In calculating the present value of future cash flows for long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criterion relating to employee benefits has been included in Note 1 to the financial statements.

Note 14: Other Liabilities

CURRENT

Gaming promotions		75,484	67,926
Monies held in trust		51,784	44,761
Income in advance		7,748	12,128
Subscriptions in advance		43,385	48,199
		178,401	173,014

Note 15: Reserves

(a) Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets.

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

	Note	2019	2018
		\$	\$
Note 16: Capital and Leasing Commitments			
(a) Asset Purchase Commitments			
Payable - minimum payments			
No later than 12 months (excluding GST)		26,280	-
Between 12 months and 5 years (excluding GST)		37,230	-
		<u>63,510</u>	<u>-</u>
Less future finance charges		<u>(1,100)</u>	<u>-</u>
		<u><u>62,410</u></u>	<u><u>-</u></u>
(b) Operating Lease Commitments			
Non-cancellable operating leases contracted for at reporting date but not capitalised in the financial statements:			
Payable - minimum lease payments			
No later than 12 months (excluding GST)		89,860	84,702
Between 12 months and 5 years (excluding GST)		246,845	202,509
		<u>336,705</u>	<u>287,211</u>
(c) Capital Expenditure Commitments			
Capital commitments:			
Clubhouse renovations		<u>-</u>	<u>579,826</u>

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Note 17: Contingent Liabilities

An indemnity guarantee of \$5,000 (2018: \$5,000) existed at year end in relation to the Company's TAB facilities.

There are no other contingent liabilities not otherwise disclosed in the financial statements.

Note 18: Events After the Reporting Period

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

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

	Note	2019	2018
		\$	\$
Note 19: Key Management Personnel			
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director is considered key management personnel.			
Key management personnel compensation:			
Short-term benefits		364,054	361,258
Post-employment benefits		29,580	29,159
		<u>393,634</u>	<u>390,417</u>

Note 20: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions with related parties during the financial year.

Note 21: Cash Flow Information

(a) Non-cash Financing and Investing Activities:

Included in the trade and other payables at year end is \$87,481 (2018: \$431,830) relating to capital expenditure.

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

Note 22: Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, finance leases and bank loans.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019	2018
		\$	\$
Financial assets:			
Cash and cash equivalents	4	1,434,063	1,776,843
Financial assets at amortised cost:			
Loans and receivables	5	37,638	25,718
Total financial assets		1,471,701	1,802,561
Financial liabilities:			
Financial liabilities at amortised cost:			
Trade and other payables	11	682,128	999,051
Borrowings	12	1,045,256	466,150
Total financial liabilities		1,727,384	1,465,201

Note 23: Company Details

The registered office and principal place of business of the Company is:

Beresfield Bowling Club Limited
208 Anderson Drive
Beresfield NSW 2322

Note 24: Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Company. At 31 May 2019, the number of members was 8,150 (2018: 7,707).

BERESFIELD BOWLING CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

Note 25: Core and Non-core Property

Pursuant to Section 41J(2) of the *Registered Clubs Act 1976* the classification of property held by the Company as at the end of the financial year ended 31 May 2019 is as follows:

Core Property:

Property Address	Current Usage
208 Anderson Drive, Beresfield NSW 2322	Clubhouse and licenced premises

Non-core Property:

Property Address	Current Usage
Lots 1-13 DP 219795 Lenox Street, Beresfield NSW 2322	Members' and guests' car park
Lots 1-2 DP 729981 Lenox Street, Beresfield NSW 2322	Members' and guests' car park
1 Lenox Street, Beresfield NSW 2322	Residential investment property
3 Lenox Street, Beresfield NSW 2322	Residential investment property
1 Lister Avenue, Beresfield NSW 2322	Residential investment property

The Registered Clubs Act requires the annual report to specify the core property and non-core property of the Club as at the end of the financial year to which the report relates.

Core property is any real property owned or occupied by the Club that comprises:

- The defined premises of the Club; or
- Any facility provided by the Club for use of its members and their guests; or
- Any property declared by a resolution passed by a majority of the members present at a general meeting of ordinary members of the Club to be core property of the Club.

Non-core property is any other property other than that referred to above as core property and any other property which is declared by members at a general meeting of ordinary members of the Club not to be core property.

BERESFIELD BOWLING CLUB LIMITED

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DIRECTORS' DECLARATION

The directors of Beresfield Bowling Club Limited declare that:

1. The financial statements and notes, as set out on pages 7 to 31, are in accordance with the Corporations Act 2001 and:
 - a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b) give a true and fair view of the financial position of the Company as at 31 May 2019 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Des Skinner
Director



Michael Brent
Director

Dated this 16th day of July 2019

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF BERESFIELD BOWLING CLUB

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Beresfield Bowling Club Limited (the Club), which comprises the statement of financial position as at 31 May 2019, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of Beresfield Bowling Club Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Club's financial position as at 31 May 2019 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards 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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Beresfield Bowling Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

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 31 May 2019, but does not include the financial report and our auditor's report thereon. 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 to report in this regard.

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 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 ability of the Club 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.

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.

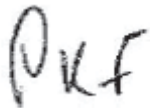
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Club to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Club audit. We remain solely responsible for our audit opinion.

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

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



PKF



CLAYTON HICKEY
PARTNER

16 JULY 2019
NEWCASTLE, NSW