



**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**FINANCIAL REPORT**

**for the year ended 31 May 2021**

**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**FINANCIAL REPORT**

**for the year ended 31 May 2021**

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# BERESFIELD BOWLING CLUB LIMITED

ACN: 163 531 691

## DIRECTORS' REPORT

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Your directors present their report on Beresfield Bowling Club Limited for the financial year ended 31 May 2021.

### 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 Terry Lockwood  
Mr Michael Brent  
Mr Don Lawrence  
Mr Stephen Lee  
Mr Geoffrey Roberts

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 profit of the Club for the financial year amounted to \$2,140,121 (2020: net loss of \$279,405).

### 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.

# BERESFIELD BOWLING CLUB LIMITED

ACN: 163 531 691

## DIRECTORS' REPORT

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### 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

<b>Name</b>	<b>Occupation / Qualifications</b>	<b>Position / Special Responsibilities</b>	<b>Years as Director</b>
Mr Ron Morley	Retired	Director / Vice Chairman	32
Mr Colin Byron	Retired	Director / Chairman	27
Mr Terry Lockwood	Retired	Director	23
Mr Michael Brent	Retired	Director / Treasurer	13
Mr Don Lawrence	Retired	Director	8
Mr Stephen Lee	Retired	Director	2
Mr Geoffrey Roberts	Accountant	Director	2

### Meetings of Directors

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

	<b>Directors' Meetings</b>	
	<b>Eligible to Attend</b>	<b>Number Attended</b>
Mr Ron Morley	21	21
Mr Colin Byron	21	20
Mr Terry Lockwood	21	21
Mr Michael Brent	21	21
Mr Don Lawrence	21	21
Mr Stephen Lee	21	18
Mr Geoffrey Roberts	21	21

**BERESFIELD BOWLING CLUB LIMITED**

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**DIRECTORS' REPORT**

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**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 2021, the total amount that members of the company are liable to contribute if the company is wound up is \$9,455 (2020: \$8,093).

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 31 May 2021 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.



Colin Byron  
Director



Michael Brent  
Director

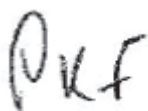
Dated this 27th day of July 2021

## 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 2021 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

27 JULY 2021  
NEWCASTLE, NSW

**BERESFIELD BOWLING CLUB LIMITED**

ACN: 163 531 691

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the year ended 31 May 2021

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	Note	2021	2020
		\$	\$
Revenue	2	<b>10,680,546</b>	7,576,371
Other income	2	<b>577,096</b>	288,841
Changes in inventories of finished goods		<b>(15,582)</b>	(245)
Raw materials and consumables used	3	<b>(846,512)</b>	(739,585)
Employee benefits expense		<b>(2,691,801)</b>	(2,457,410)
Depreciation and amortisation expense	3	<b>(1,104,944)</b>	(1,182,900)
Advertising and promotions expense		<b>(428,655)</b>	(364,759)
Entertainment and membership expense		<b>(804,826)</b>	(793,943)
Insurance expense		<b>(162,689)</b>	(163,569)
Poker machine duty		<b>(1,476,595)</b>	(912,450)
Rates and utilities		<b>(267,832)</b>	(287,299)
Repairs and maintenance		<b>(543,618)</b>	(503,514)
Other expenses		<b>(745,545)</b>	(687,840)
Finance costs	3	<b>(28,922)</b>	(51,103)
<b>Profit (loss) before income tax</b>		<b>2,140,121</b>	(279,405)
Income tax expense	1(a)	-	-
<b>Net profit (loss)</b>		<b>2,140,121</b>	(279,405)
<b>Total comprehensive income attributable to members of the entity</b>		<b>2,140,121</b>	(279,405)

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The accompanying notes form part of these financial statements

**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**STATEMENT OF FINANCIAL POSITION**

**as at 31 May 2021**

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	3,616,421	1,137,874
Trade and other receivables	5	43,007	171,645
Inventories	6	41,308	56,890
Other current assets	7	72,371	74,826
<b>Total current assets</b>		<b>3,773,107</b>	<b>1,441,235</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	12,981,221	13,526,952
Investment property	9	910,000	910,000
Intangible assets	10	464,829	464,829
Right of use assets	12(c)	273,454	219,257
<b>Total non-current assets</b>		<b>14,629,504</b>	<b>15,121,038</b>
<b>TOTAL ASSETS</b>		<b>18,402,611</b>	<b>16,562,273</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	910,752	777,106
Borrowings	12	143,626	177,556
Short-term provisions	13	384,234	371,699
Other current liabilities	14	191,031	124,701
<b>Total current liabilities</b>		<b>1,629,643</b>	<b>1,451,062</b>
<b>Non-current liabilities</b>			
Borrowings	12	176,158	665,556
Long-term provisions	13	33,669	22,635
<b>Total non-current liabilities</b>		<b>209,827</b>	<b>688,191</b>
<b>TOTAL LIABILITIES</b>		<b>1,839,470</b>	<b>2,139,253</b>
<b>NET ASSETS</b>		<b>16,563,141</b>	<b>14,423,020</b>
<b>EQUITY</b>			
Reserves	15	2,770,208	2,770,208
Retained earnings		13,792,933	11,652,812
<b>TOTAL EQUITY</b>		<b>16,563,141</b>	<b>14,423,020</b>

The accompanying notes form part of these financial statements



**BERESFIELD BOWLING CLUB LIMITED**

ACN: 163 531 691

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 May 2021

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	<b>Retained Earnings</b>	<b>Asset Revaluation Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance 1 June 2019	11,934,153	2,770,208	14,704,361
Effect of adoption of AASB16: Leases	(1,936)	-	(1,936)
<b>Comprehensive income:</b>			
Loss for the year attributable to members of the entity	(279,405)	-	(279,405)
<b>Total comprehensive income attributable to members of the entity</b>	<b>(279,405)</b>	<b>-</b>	<b>(279,405)</b>
<b>Balance at 31 May 2020</b>	<b>11,652,812</b>	<b>2,770,208</b>	<b>14,423,020</b>
Balance 1 June 2020	<b>11,652,812</b>	<b>2,770,208</b>	<b>14,423,020</b>
<b>Comprehensive income:</b>			
Profit for the year attributable to members of the entity	<b>2,140,121</b>	-	<b>2,140,121</b>
<b>Total comprehensive income attributable to members of the entity</b>	<b>2,140,121</b>	<b>-</b>	<b>2,140,121</b>
<b>Balance at 31 May 2021</b>	<b>13,792,933</b>	<b>2,770,208</b>	<b>16,563,141</b>

The accompanying notes form part of these financial statements

**BERESFIELD BOWLING CLUB LIMITED**

ACN: 163 531 691

**STATEMENT OF CASH FLOWS**

for the year ended 31 May 2021

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	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		12,051,064	8,136,220
Payments to suppliers and employees		(8,413,966)	(7,231,599)
Interest received		2,931	8,619
Finance costs paid		(28,922)	(51,103)
<b>Net cash generated from operating activities</b>		<b>3,611,107</b>	<b>862,137</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		67,096	21,500
Payments for property, plant and equipment		(508,370)	(683,957)
<b>Net cash used in investing activities</b>		<b>(441,274)</b>	<b>(662,457)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(598,995)	(428,833)
Payment of principal portion of lease liabilities		(92,291)	(67,036)
<b>Net cash used in financing activities</b>		<b>(691,286)</b>	<b>(495,869)</b>
<b>Net increase (decrease) in cash held</b>		<b>2,478,547</b>	<b>(296,189)</b>
Cash and cash equivalents at beginning of the financial year		1,137,874	1,434,063
<b>Cash and cash equivalents at end of the financial year</b>	4	<b>3,616,421</b>	<b>1,137,874</b>

The accompanying notes form part of these financial statements

# BERESFIELD BOWLING CLUB LIMITED

ACN: 163 531 691

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2021

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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 27th July 2021 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.

#### **: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 2021**

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**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 2021**

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**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	20 - 33%
Poker machines	20 - 33%

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**

The Company assesses at contract inception whether a contract is, or contains, a lease. A lease conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

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

**(f) Leases (cont'd)**

***Right of Use Assets***

The Company recognises right of use assets at the commencement of the lease. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and equipment	2 to 5 years
Poker machines	3 years

***Lease Liability***

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company's lease liabilities are included in borrowings (refer to note 12)

**(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.

**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

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

**(g) Financial Instruments (cont'd)**

***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.

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.

**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

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

**(g) Financial Instruments (cont'd)**

***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.

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.



**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

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

**(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.

**(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.

**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

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

**(k) Revenue and Other Income (cont'd)**

Government assistance is recognised as revenue in profit or loss when the assistance is received. During the year the Company received the JobKeeper subsidy.

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.

**(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.

# BERESFIELD BOWLING CLUB LIMITED

ACN: 163 531 691

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2021

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

#### (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. The directors do not believe that these valuations have been materially impaired as a result of the COVID-19 pandemic which is estimated to only have a short term impact on the Company's operations. Refer to Note 26 for details on the impact of Coronavirus (COVID-19) on continuing operations.

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 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 2021**

	Note	2021	2020
		\$	\$
<b>Note 2: Revenue</b>			
Operating activities			
Sale of goods		2,539,123	2,060,231
Commissions		288,542	216,033
Competitions revenue		221,037	155,620
Poker machine revenue		7,386,693	4,874,351
Fees		47,720	73,483
Rental revenue		51,883	53,329
Interest received		2,931	8,619
Gaming tax rebate		17,180	17,180
Other revenue		125,437	117,525
		<u>10,680,546</u>	<u>7,576,371</u>
Other income			
Gain on disposal of property, plant and equipment		67,096	18,841
JobKeeper subsidy		510,000	270,000
		<u>577,096</u>	<u>288,841</u>
<b>Note 3: Profit from Operations</b>			
<b>(a) Expenses</b>			
Raw materials and consumables used		846,512	739,585
Finance costs:			
Interest expense - other persons		16,074	35,433
Interest expense - lease liabilities		12,848	15,670
		<u>28,922</u>	<u>51,103</u>
Depreciation:			
Property, plant and equipment		991,183	1,110,368
Right of use assets		113,761	72,532
		<u>1,104,944</u>	<u>1,182,900</u>
Asset impairment loss:			
Property, plant and equipment		71,962	-
		<u>71,962</u>	<u>-</u>

**BERESFIELD BOWLING CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 May 2021

	Note	2021	2020
		\$	\$
<b>Note 4: Cash and Cash Equivalents</b>			
Cash on hand		300,000	200,000
Cash at bank		1,486,144	48,015
Short-term bank deposits		1,830,277	889,859
		<u>3,616,421</u>	<u>1,137,874</u>
<b>Note 5: Trade and Other Receivables</b>			
CURRENT			
Trade receivables		<u>43,007</u>	<u>171,645</u>
<b>Note 6: Inventories</b>			
CURRENT			
Finished goods, at cost		<u>41,308</u>	<u>56,890</u>
<b>Note 7: Other Assets</b>			
CURRENT			
Prepayments		<u>72,371</u>	<u>74,826</u>
<b>Note 8: Property, Plant and Equipment</b>			
LAND AND BUILDINGS			
Freehold land:			
at independent valuation (2019)		2,540,000	2,540,000
Clubhouse building and surrounds:			
at independent valuation (2019)		9,345,000	9,345,000
additions, at cost		-	-
Less accumulated depreciation		<u>(482,911)</u>	<u>(241,786)</u>
Total clubhouse building and surrounds		<u>8,862,089</u>	<u>9,103,214</u>
Capital works in progress, at cost		<u>151,819</u>	130,055
Total land and buildings		<u>11,553,908</u>	<u>11,773,269</u>

**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

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	Note	2021	2020
		\$	\$
<b>Note 8: Property, Plant and Equipment (cont'd)</b>			
PLANT AND EQUIPMENT			
Plant and equipment, at cost		<b>3,500,129</b>	3,395,348
Less accumulated depreciation		<b>(2,669,246)</b>	(2,324,752)
		<b>830,883</b>	1,070,596
Computer software, at cost		<b>94,008</b>	94,008
Less accumulated depreciation		<b>(77,570)</b>	(71,570)
		<b>16,438</b>	22,438
Poker machines, at cost		<b>4,246,870</b>	4,174,482
Less accumulated depreciation		<b>(3,666,878)</b>	(3,513,833)
		<b>579,992</b>	660,649
Total plant and equipment		<b>1,427,313</b>	1,753,683
Total property, plant and equipment		<b>12,981,221</b>	13,526,952

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

**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

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

**(a) Movement in Carrying Amounts**

	<b>Freehold land at valuation \$</b>	<b>Clubhouse and surrounds at valuation \$</b>	<b>Capital works in progress \$</b>	<b>Plant and equipment at cost \$</b>
Balance at beginning of the financial year	2,540,000	9,103,214	130,055	1,070,596
Additions	-	-	21,764	104,781
Asset impairment	-	-	-	(71,962)
Depreciation expense	-	(241,125)	-	(272,532)
Carrying amount at end of the financial year	<b>2,540,000</b>	<b>8,862,089</b>	<b>151,819</b>	<b>830,883</b>

	<b>Computer Software at cost \$</b>	<b>Poker Machines at cost \$</b>	<b>Total \$</b>
Balance at beginning of the financial year	22,438	660,649	13,526,952
Additions	-	390,869	517,414
Asset impairment	-	-	(71,962)
Depreciation expense	(6,000)	(471,526)	(991,183)
Carrying amount at end of the financial year	<b>16,438</b>	<b>579,992</b>	<b>12,981,221</b>

Note	2021 \$	2020 \$
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**Note 9: Investment Property**

Balance at beginning of the financial year	<b>910,000</b>	910,000
Additions	-	-
Disposals	-	-
Fair value adjustment	-	-
Carrying amount at end of the financial year	<b>910,000</b>	910,000

**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

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	Note	2021	2020
		\$	\$

**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>464,829</u>	<u>464,829</u>
-------------------------------------	----------------	----------------

The Company has a total of 125 (2020: 125) poker machine entitlements. 105 (2020: 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>464,829</u>	<u>464,829</u>

	Note	2021	2020
		\$	\$

**Note 11: Trade and Other Payables**

CURRENT

Unsecured liabilities:

Trade payables	175,003	301,090
Sundry payables and accrued expenses	735,749	476,016
	<u>910,752</u>	<u>777,106</u>



**BERESFIELD BOWLING CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

	Note	2021	2020
		\$	\$
<b>Note 12: Borrowings</b>			
CURRENT			
Secured liabilities:			
Asset purchase obligations	12(a)	<b>17,428</b>	25,869
Bank loans	12(b)	-	80,671
Lease liabilities	12(c)	<b>126,198</b>	71,016
		<u><b>143,626</b></u>	<u>177,556</u>
NON-CURRENT			
Secured liabilities:			
Asset purchase obligations	12(a)	-	15,259
Bank loans	12(b)	-	494,624
Lease liabilities	12(c)	<b>176,158</b>	155,673
		<u><b>176,158</b></u>	<u>665,556</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.

(c) Leases

The Company has lease contracts for various items of plant and equipment used in its operations. These leases generally have terms between 2 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Set out below is the movement in carrying amounts of right to use assets recognised in the accounts:

	Plant and equipment	Poker Machines	Total
	\$	\$	\$
Balance at beginning of the financial year	<b>219,257</b>	-	<b>219,257</b>
Additions	<b>1,868</b>	<b>166,090</b>	<b>167,958</b>
Depreciation	<b>(73,928)</b>	<b>(39,833)</b>	<b>(113,761)</b>
Disposals	-	-	-
Carrying amount at end of the financial year	<u><b>147,197</b></u>	<u><b>126,257</b></u>	<u><b>273,454</b></u>

**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

**Note 13: Provisions**

**(a) Movement in Carrying Amounts**

	Employee entitlements	Total
	\$	\$
Balance at beginning of the financial year	394,334	394,334
Additional provisions	232,864	232,864
Amounts utilised	(209,295)	(209,295)
Carrying amount at end of the financial year	<u>417,903</u>	<u>417,903</u>

Note	2021	2020
	\$	\$

**(b) Analysis of Total Provisions**

Current	384,234	371,699
Non-Current	33,669	22,635
	<u>417,903</u>	<u>394,334</u>

**(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	81,101	58,026
Monies held in trust	55,025	29,701
Income in advance	7,276	8,775
Subscriptions in advance	47,629	28,199
	<u>191,031</u>	<u>124,701</u>

**BERESFIELD BOWLING CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

	Note	2021	2020
		\$	\$
<b>Note 15: Reserves</b>			
<b>(a) Asset Revaluation Reserve</b>			
The asset revaluation reserve records revaluations of non-current assets.			
<b>Note 16: Capital and Leasing Commitments</b>			
<b>(a) Asset Purchase Commitments</b>			
Payable - minimum payments			
No later than 12 months (excluding GST)		<b>17,520</b>	26,280
Between 12 months and 5 years (excluding GST)		-	15,330
		<u><b>17,520</b></u>	<u>41,610</u>
Less future finance charges		<u><b>(92)</b></u>	<u>(482)</u>
		<u><b>17,428</b></u>	<u>41,128</u>
<b>(b) Lease Liabilities Commitments</b>			
Payable - minimum lease payments			
No later than 12 months (excluding GST)		<b>135,775</b>	82,672
Between 12 months and 5 years (excluding GST)		<b>181,304</b>	166,843
		<u><b>317,079</b></u>	<u>249,515</u>
Less future finance charges		<u><b>(14,723)</b></u>	<u>(22,826)</u>
		<u><b>302,356</b></u>	<u>226,689</u>
<b>(c) Capital Expenditure Commitments</b>			
Capital commitments:			
Synthetic bowling green		<u><b>169,875</b></u>	<u>169,875</u>

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

Due to COVID-19 the installation of the new synthetic green was deferred until the next financial year.

**Note 17: Contingent Liabilities**

An indemnity guarantee of \$5,000 (2020: \$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.

**BERESFIELD BOWLING CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

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Note	2021	2020
	\$	\$

**Note 18: Events After the Reporting Period**

Prior to year end the Club had entered into a heads of agreement with a third party for the leasing of the childcare centre to be developed by the Club. As at year end no contracts for the construction of the building had been entered into, however the Club expects construction of the building to commence during the next financial year. The estimated cost of the project is \$2,900,000 to be financed by a combination of borrowings and existing cash reserves.

No other 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.

**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	<b>351,377</b>	416,667
Post-employment benefits	<b>40,188</b>	28,354
	<b><u>391,565</u></b>	<u>445,021</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:**

Right of use assets totalling \$167,958 were acquired during the year. These additions have been excluded from the cash flow statement as a non-cash financing activity.

Included in the trade and other payables at year end is \$18,494 (2020: \$9,450) relating to capital expenditure.

**BERESFIELD BOWLING CLUB LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

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	Note	2021 \$	2020 \$
<b>Note 22: Financial Risk Management</b>			
The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, 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:			
Financial assets:			
Cash and cash equivalents	4	<b>3,616,421</b>	1,137,874
Financial assets at amortised cost:			
Loans and receivables	5	<b>43,007</b>	171,645
Total financial assets		<b>3,659,428</b>	1,309,519
Financial liabilities:			
Financial liabilities at amortised cost:			
Trade and other payables	11	<b>910,752</b>	777,106
Borrowings	12	<b>319,784</b>	843,112
Total financial liabilities		<b>1,230,536</b>	1,620,218

**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 2021, the number of members was 9,455 (2020: 8,093).

**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

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**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 2021 is as follows:

**Core Property:**

<b>Property Address</b>	<b>Current Usage</b>
208 Anderson Drive, Beresfield NSW 2322	Clubhouse and licenced premises

**Non-core Property:**

<b>Property Address</b>	<b>Current Usage</b>
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**

**ACN: 163 531 691**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 May 2021**

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**Note 26: Impact of Coronavirus (COVID-19) on Continuing Operations**

The impact of the Coronavirus (COVID-19) pandemic continues to cause disruption to the Club's business with ongoing restrictions relating to social distancing. Despite the disruptions, the Club remained opened throughout the financial year and traded well beyond expectations.

At the date of signing the financial report the COVID-19 pandemic is ongoing within Australia and there is evidence of a resurgence of cases in Sydney which raise concern that the government may impose further restrictions should the number of confirmed cases continue to rise. Due to the nature of a pandemic, which is being managed on a day to day basis by the Australian Government, it is not practicable to foresee if further restrictions or lockdowns may occur that could have a potential impact on the operations of the Club.

Should the Club be able to continue its current operations which have been adapted to social distancing regulations which are current as at the date of this financial report, the directors believe that the Club will be able to continue as a going concern into the foreseeable future.

**BERESFIELD BOWLING CLUB LIMITED**

**ACN: 163 531 691**

**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 2021 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.



Colin Byron  
Director



Michael Brent  
Director

Dated this 27th day of July 2021



## INDEPENDENT AUDITOR'S 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 (the Entity), which comprises the statement of financial position as at 31 May 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by directors.

In our opinion, the accompanying financial report presents fairly, gives a true and fair view of the financial position of the Entity as at 31 May 21, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

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

#### Independence

We are independent of the Entity in accordance with 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.

#### Other Information

[Reporting in accordance with the reporting requirements in ASA 720 – see [Aus] Illustration 1A in Appendix 3 of ASA 720.]

Directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 31 May 2021 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.

## Other Information (cont'd)

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 Management and Directors for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards<sup>1</sup>, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Directors are responsible for overseeing the Entity's financial reporting process.

## 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity 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 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 management 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, actions taken to eliminate threats or safeguards applied.



PKF



CLAYTON HICKEY  
PARTNER

27 JULY 2021  
NEWCASTLE, NSW