



**Kahibah Bowling Club
Co-operative Limited**

ABN 52 069 232 319

**Annual Financial Report
for the year ended 31 May 2021**

Kahibah Bowling Club Co-operative Limited ABN 52 069 232 319
Annual financial report for the year ended 31 May 2021

Contents

	Page
Directors' report	3-4
Auditor's independence declaration	5
Financial statements	
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10-19
Directors' declaration	20
Independent auditor's report to the members	21-22

These financial statements are the financial statements of Kahibah Bowling Club Co-operative Limited. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 28 July 2021. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Kahibah Bowling Club Co-operative Limited (the Club) for the year ended 31 May 2021.

Directors details

The following persons were Directors of Kahibah Bowling Club Co-operative Limited during the financial year, and up to the date of this report:

Mrs S Smith

Chairperson
Director since 2019

Currently Company Director of Sarjo Conveyancing Pty Limited. Worked for over a decade in a large law firm and then in business since 2016. Obtained qualifications through Macquarie University Division of Law, Sydney. Also attended Power Business College following HSC in 2001 to complete Business Diploma prior to University.

Mr T McEwan

Director
Director since 2017

Chief Operating Officer for St Vincent's Public Hospital in Sydney. Has worked for 30 years in the public health sector as a nurse and departmental manager. Qualifications include DipAppSci (Nursing) Newcastle, Bbus (Economics/Politics) Southern Cross.

Mr J Gardner

Director
Director since 2021

Banking Industry for Westpac Banking Corp for 25 years in various roles from a Teller to an International Business Manager. Following this, joined the Parramatta District Junior Rugby League on both the Advisory Committee and Board. Currently employed by New South Wales Rugby League as an Interchange Official and Match Operations Official.

Mrs L Gardner

Deputy Chairperson
Director since 2019

Worked in the Banking Industry for 13 years including International Trade. Volunteered in every aspect of clubs including Secretary and President for Junior Rugby League. Advisory member for Parramatta District Junior Rugby League 9 and 1/2 years. Board member for Parramatta Junior Rugby League 6 years. Ground Manager NSW Rugby League 4 years to and including present.

Mr R Szekeyhidy

Director
Director since 2018

Sole Business Owner 35 years. Electrical trade qualified. Previous Newcastle Airport Management as Airport Supervisor and Customer Service Manager.

Mr R Cleaver

Director
Director since 2021

Police Officer 1989-2003. Served as a Board member for Barraba Bowling Club for 2 years (2007-2008). Owner/Operator Barraba Licensed Post Office 2004-2009.

Director's meetings

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

Board members	Board meetings		
	A	B	
Mrs S Smith	12	11	
Mrs L Gardner	12	11	
Mr T McEwan	12	10	
Mr R Szekeyhidy	12	9	
Mr J Gardner	Appointed to Board May 2021	1	1
Mr R Cleaver	Appointed to Board June 2021	-	-
Mr B Bromfield	Resigned from Board June 2021	12	11

Where:

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

The Annual General Meeting (AGM) was held 13 September 2020.

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 31 May 2021, the following land and buildings are considered to be core and non-core property:

- Core** - Land and buildings upon which the Club and carpark are situated, being 63 Kenibea Avenue, Kahibah, NSW 2290.
- Non-Core** - Nil.

Director's report (continued)

Principal activities

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

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

Review of operations and financial results

The Club had recorded a profit for the year of \$543,989 compared to the loss of \$308,468 incurred in the previous year. The improved result is largely due to the receipt of government stimulus, as well as the change in fair value of investment properties.

Significant changes in state of affairs

As a result of the spread of COVID-19 the Federal Government announced the closure of all Registered Clubs effective 23 March 2020 however the Club was allowed to reopen and re-commenced trading from 1 June 2020 with restrictions in place which have continued in varying degrees to date.

There were and continue to be a range of measures introduced by the Government to support businesses and the Club was eligible as a result of the impact of the initial shutdowns announced due to the COVID-19 pandemic. The Club anticipates continued challenging trading conditions until such time that a return to normal operations is possible. The extent of any loss incurred should any future shutdown be enforced may impact existing cash reserves, with the financial position of the Club being monitored on an ongoing basis by management and the Board.

Events since the end of the financial year

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

Environmental regulation

The Club's operations are not regulated by any significant environmental regulations under the law of the Commonwealth or of a state or territory of Australia.

Dividends paid or recommended

The Club is prohibited from paying dividends under its constitution.

Options

No options over issued shares or interests in the Club were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnifying Officer or Auditor

The Club has, not during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Club indemnified or made any relevant agreements for indemnifying against a liability incurred as an officer, including costs in successfully defending legal proceedings.

During the financial year, the Club has paid a premium in respect of a contract of insurance insuring Directors and Officers (including former and future Directors and Officers) against certain liabilities incurred in that capacity. Disclosure of the total amount of premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of the insurance.

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under the Co-operatives National Regulations (NSW) 2014 is set out on page 5 and forms part of this Directors' report.

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



S. Smith - Chairperson



L. Gardner - Deputy Chairperson

Dated: 28 July 2021
Kahibah

Auditor's independence declaration

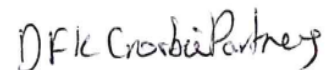
To the Directors of Kahibah Bowling Club Co-operative Limited

In accordance with the requirements of the Co-operatives National Regulations (NSW) 2014, as lead auditor for the audit of Kahibah Bowling Club Co-operative Limited for the year ended 31 May 2021, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Co-operatives National Regulations (NSW) 2014 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

Dated: 28 July 2021
Newcastle West

Statement of profit or loss and other comprehensive income

For the year ended 31 May 2021

	Notes	2021 \$	2020 \$
Revenue from continuing operations	2	2,227,092	2,307,631
Other Income	3	817,009	202,241
Bar cost of goods sold		(326,439)	(371,109)
Bar direct expenses		(185,537)	(261,146)
Coffee direct expenses		(11,403)	-
Greens direct expenses		(141,044)	(137,797)
Gaming direct expenses		(352,252)	(304,504)
Rental operations		(31,680)	(24,644)
Members amenities		(178,582)	(277,993)
Clubhouse expenses		(393,290)	(454,330)
Administration expenses		(779,860)	(815,990)
Finance costs		(52,125)	(69,625)
Bowling Activities		(47,900)	(101,202)
		(2,500,112)	(2,818,340)
Profit / (loss) before income tax		543,989	(308,468)
Income tax expense		-	-
Profit / (loss) for the year		543,989	(308,468)
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		543,989	(308,468)

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

Kahibah Bowling Club Co-operative Limited
Statement of financial position
For the year ended 31 May 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	528,264	169,148
Trade receivables	5	13,533	12,167
Inventories	6	34,754	24,685
Financial assets at amortised cost	7	619,335	92,525
Other assets	8	36,438	49,446
Total current assets		1,232,324	347,971
Non-current assets			
Other assets	8	1,500,000	-
Property, plant and equipment	9	5,410,520	5,139,308
Investment properties	10	-	1,780,000
Intangible assets	11	96,000	96,000
Right-of-use asset	16	36,957	24,813
Total non-current assets		7,043,477	7,040,121
Total assets		8,275,801	7,388,092
LIABILITIES			
Current liabilities			
Trade and other payables	12	225,683	123,211
Financial liabilities	13	1,748,284	1,570,250
Provisions	14	139,128	117,772
Other liabilities	15	8,045	7,916
Lease liabilities	16	9,912	7,780
Total current liabilities		2,131,052	1,826,929
Non-current liabilities			
Financial liabilities	13	14,048	-
Provisions	14	5,500	14,602
Other liabilities	15	5,389	1,300
Lease liabilities	16	30,562	-
Total non-current liabilities		55,499	15,902
Total liabilities		2,186,551	1,842,831
Net assets		6,089,250	5,545,261
MEMBERS FUNDS			
Reserves	17	2,086	2,086
Retained profits		6,087,164	5,543,175
Total members funds		6,089,250	5,545,261

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

Kahibah Bowling Club Co-operative Limited
Statement of changes in equity
For the year ended 31 May 2021

	Reserves	Retained	Total
	\$	\$	\$
Balance at 1 June 2019	2,086	5,851,643	5,853,729
Profit/(Loss) for the year	-	(308,468)	(308,468)
Total comprehensive income for the year	-	(308,468)	(308,468)
Balance at 31 May 2020	2,086	5,543,175	5,545,261
Profit/(Loss) for the year	-	543,989	543,989
Total comprehensive income for the year	-	543,989	543,989
Balance at 31 May 2021	2,086	6,087,164	6,089,250

The above *statement of changes in equity* should be read in conjunction with the accompanying notes

Statement of cash flows

For the year ended 31 May 2021

Notes	2021 \$	2020 \$
Cash flows from operating activities		
Receipts from members and customers	2,560,182	2,569,276
Payments to suppliers and employees	(2,146,232)	(2,503,516)
Interest paid	(50,095)	(69,625)
Government stimulus payments	413,167	90,381
Net cash inflow (outflow) from operating activities	777,022	86,516
Cash flows from investing activities		
Payments for property, plant and equipment	(684,222)	(203,480)
Proceeds from sale of property, plant and equipment	101,130	21,500
Net proceeds from sale of investment properties	592,000	-
Transfer to/from interest bearing deposit	(600,000)	(587)
Net cash inflow (outflow) from investing activities	(591,092)	(182,567)
Cash flows from financing activities		
Proceeds from borrowings	295,362	114,005
Repayment of borrowings	(103,280)	(77,846)
Repayment of lease liabilities	(18,896)	(21,418)
Net cash inflow (outflow) from financing activities	173,186	14,741
Net increase in cash and cash equivalents	359,116	(81,310)
Cash and cash equivalents at the beginning of the financial year	169,148	250,458
Cash and cash equivalents at the end of the financial year	528,264	169,148

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

Notes to the financial statements

For the year ended 31 May 2021

1 Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Co-operatives National Law (NSW). Kahibah Bowling Club Co-operative Limited (the Club) is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

(b) Statement of compliance

This financial report complies with Australian Accounting Standards - *Reduced Disclosure Requirements* as issued by the Australian Accounting Standards Board (AASB).

The financial report has been prepared on an accruals basis and is based on historical costs, except for investment properties and other assets - development property receivable which has been measured at fair value. The financial report is presented in Australian Dollars.

(c) Working capital deficiency

As at 31 May 2021, Kahibah Bowling Club Co-operative Limited has current assets of \$1,232,324 and current liabilities of \$2,131,052, giving a working capital deficiency of \$898,728.

The working capital deficiency includes the entire balance of the NAB business markets loan of \$1,498,784 as a current liability as the facility is due to expire in March 2022, and the entire balance of the NAB business markets loan of \$206,395 as a current liability as the facility expired in June 2021.

In assessing the working capital deficiency the Directors have considered the following:

- (a) The \$1,498,784 loan facility is expected to be renewed under terms and conditions that will allow the Club to fulfil their obligations;
- (b) Subsequent to year-end the \$206,395 loan facility has been refinanced for an additional 3 years until July 2024;
- (c) Directors believe that the Club will continue to generate positive operating cashflows for at least the next 12 months;
- (d) The Directors expect that the development will be completed in accordance with the Development agreement;
- (e) The Club expects to continue to operate in a COVID Safe manner and receive the ongoing support of its members, guests and suppliers.

It is on this basis that the Directors are of the opinion that the Club will continue as a going concern and meet its debts and commitments as they fall due. As a result, the Directors have prepared the financial report on a going concern basis.

(d) Income Taxes

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

(e) Goods and Services Tax

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

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

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

(f) Rounding of amounts

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

Notes to the financial statements

For the year ended 31 May 2021

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

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

	Beverage Revenue	Rental revenue	Gaming revenue	Raffle revenue	Bowls revenue	Other revenue	Total
2021	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	875,339	-	1,092,269	66,318	54,966	83,700	2,172,592
Other revenue (not covered by AASB15)	-	37,320	17,180	-	-	-	54,500
	875,339	37,320	1,109,449	66,318	54,966	83,700	2,227,092

Timing of revenue recognition

At a point in time	875,339	-	1,092,269	66,318	54,966	57,674	2,146,566
Over time	-	37,320	17,180	-	-	26,026	80,526
	875,339	37,320	1,109,449	66,318	54,966	83,700	2,227,092

	Beverage Revenue	Rental revenue	Gaming revenue	Raffle revenue	Bowls revenue	Other revenue	Total
2020	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	965,463	-	1,007,457	109,961	59,211	110,316	2,252,408
Other revenue (not covered by AASB15)	-	38,043	17,180	-	-	-	55,223
	965,463	38,043	1,024,637	109,961	59,211	110,316	2,307,631

Timing of revenue recognition

At a point in time	965,463	-	1,007,457	109,961	59,211	81,068	2,223,160
Over time	-	38,043	17,180	-	-	29,248	84,471
	965,463	38,043	1,024,637	109,961	59,211	110,316	2,307,631

(b) Accounting policies and significant judgements

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

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

(i) Sale of goods - beverage revenue

Revenue from the sale of beverages is recognised at a point in time when the physical control of the goods passes to the customer.

(iii) Provision of services - rental revenue

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

(iii) Provision of services - gaming revenue

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

Notes to the financial statements

For the year ended 31 May 2021

2 Revenue (continued)*(iv) Provision of services - raffle revenue*

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

(v) Provision of services - bowls revenue

Revenue from rendering services from bowling activities recognised at a point in time when the game of bowls has been completed as at this point the performance obligations have been satisfied.

(vi) Other revenue

Included within other revenue is membership subscriptions which are recognised over the term of membership and any unearned portion is deferred and included in contract liabilities. Membership revenue is measured with reference to the fee received and the period of membership that the member has paid for.

The balance of other revenue is recognised at a point in time when the performance obligation has been satisfied.

3 Other income and expense items

	2021	2020
	\$	\$
(a) Other income		
Government stimulus funding - Cashflow Boost	51,619	48,381
Government stimulus funding - JobKeeper	300,300	84,000
Government stimulus funding - Other	19,248	-
Gain on disposal of property, plant and equipment	101,130	21,500
Change in fair value of investment properties	273,852	-
Rental income (investment property)	42,474	48,360
Insurance recovery	28,386	-
	<u>817,009</u>	<u>202,241</u>

(i) Government stimulus payments

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

(ii) Gain on disposal of property, plant and equipment

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

(iii) Change in fair value of investment properties

The Club recognises the change in fair value of investment property based on the assessment of an independent expert, representing the non-cash gain in relation to investment properties.

(iv) Rental income (investment property)

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

(v) Insurance recoveries

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

(b) Other expenses

Employee benefits expense	790,102	774,087
Loss on disposal of Assets	20,306	78,063
Change in fair value of investment property	-	10,000
Interest costs	52,125	69,625
Depreciation and amortisation	391,972	375,372

Notes to the financial statements

For the year ended 31 May 2021

4 Cash and cash equivalents

	2021	2020
	\$	\$
Current		
Cash at bank and on hand	528,264	169,148
	<u>528,264</u>	<u>169,148</u>

Accounting policy

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

5 Trade receivables

Current		
Trade receivables	13,533	12,167
	<u>13,533</u>	<u>12,167</u>

Accounting policy

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

6 Inventories

Current		
Stock on hand - bar	34,754	24,685
	<u>34,754</u>	<u>24,685</u>

Accounting policy

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

7 Financial assets at amortised cost

Current		
Term deposits	606,478	6,478
Other receivables	12,857	86,047
	<u>619,335</u>	<u>92,525</u>

Accounting policy

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

8 Other assets

Current		
Prepayments	36,438	49,446
	<u>36,438</u>	<u>49,446</u>

Non-current

Development property receivable	1,500,000	-
	<u>1,500,000</u>	<u>-</u>

Accounting policy

This includes prepayments made in advance for goods and services which are to be received in a future period. The Development property receivables represents the fair value of townhouses to be received upon their construction by Club as part of the development agreement entered into by Club this financial year (refer note 19 for further details).

Notes to the financial statements

For the year ended 31 May 2021

9 Property, plant and equipment

	Capital WIP \$	Land and buildings \$	Plant and equipment \$	Poker machines \$	Total \$
Non-current assets					
At 1 June 2020					
Cost	21,982	6,048,328	1,363,035	1,326,372	8,759,717
Accumulated depreciation	-	1,673,414	866,114	1,080,881	3,620,409
Net book amount	21,982	4,374,914	496,921	245,491	5,139,308
Year ended 31 May 2021					
Opening net book amount	21,982	4,374,914	496,921	245,491	5,139,308
Reallocation from Right-of-use	-	-	3,261	-	3,261
Additions	-	222,905	80,685	385,137	688,727
Transfers to investment property	-	38,148	-	-	38,148
Depreciation charge	-	142,658	103,910	136,060	382,628
Closing net book amount	21,982	4,417,013	476,957	494,568	5,410,520
Year ended 31 May 2021					
Cost	21,982	6,233,085	1,475,036	1,560,743	9,290,846
Accumulated depreciation	-	1,816,072	998,079	1,066,175	3,880,326
Net book amount	21,982	4,417,013	476,957	494,568	5,410,520

Accounting policy**(a) Land and buildings**

Freehold land and buildings are carried at cost less any accumulated depreciation and any impairment in value.

(b) Plant and equipment, poker machines

Plant and equipment and poker machines are carried at cost less any accumulated depreciation and any impairment in value.

(c) Depreciation

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

Buildings	10 - 40 years
Plant & Equipment	3 - 20 years
Poker Machines	4 years

(d) Impairment

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

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

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

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

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as a separate line item.

10 Investment properties

	2021	2020
	\$	\$
Non-current assets - at fair value		
Opening balance at 1 June	1,780,000	1,790,000
Net gain / (loss) from fair value adjustment	273,852	(10,000)
Transfer from Property, Plant and Equipment	38,148	-
Disposals	(2,092,000)	-
Closing balance at 31 May	<u>-</u>	<u>1,780,000</u>

Accounting policy

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. To obtain the fair value, market appraisals are obtained by the Club from external valuers at least every 3 years. Gains or losses arising from changes in the fair values of the investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

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

Investment properties were sold during the year as part of the development agreement entered into by the Club (refer note 19 for further details).

11 Intangible assets

	Poker machine entitlements	Total \$
Non-current assets		
As at 31 May 2020		
Cost	96,000	96,000
Accumulated amortisation	-	-
Net book amount	<u>96,000</u>	<u>96,000</u>
As at 31 May 2021		
Cost	96,000	96,000
Accumulated amortisation	-	-
Net book amount	<u>96,000</u>	<u>96,000</u>

Accounting policy

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

12 Trade and other payables

	2021	2020
	\$	\$
Current		
Trade payables and accruals	225,683	123,211
	<u>225,683</u>	<u>123,211</u>

Accounting policy

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

13 Financial liabilities

Current

Secured

NAB business markets loan - 1 (i)	1,498,784	1,498,784
NAB business markets loan - 2 (i)	206,395	-
NAB equipment loan (ii)	22,450	37,543

Unsecured

Insurance loan	20,655	33,923
Total financial liabilities	<u>1,748,284</u>	<u>1,570,250</u>

Non-current

Secured

NAB equipment loan (ii)	14,048	-
Total financial liabilities	<u>14,048</u>	<u>-</u>

(i) Secured liabilities

The above NAB business market loans are secured by a registered Mortgage over property situated at 110A Kahibah Road Kahibah NSW, and letter of offset over Club's term deposit.

The Club has an unused amount of \$104,281 available on the market loan facilities, an unused amount of \$113,091 available on the asset finance facility as well as a further \$20,000 in unused overdraft facility available.

(ii) Other secured liabilities

The other leases and loans are secured by a fixed charge over the specific assets that are financed.

Accounting policy

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

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

Notes to the financial statements

For the year ended 31 May 2021

14 Provisions

	2021	2020
	\$	\$
Current		
Employee entitlements (i) & (ii)	127,152	111,232
Poker machine jackpots	11,976	6,540
	<u>139,128</u>	<u>117,772</u>
Non-current		
Employee entitlements (ii)	5,500	14,602
	<u>5,500</u>	<u>14,602</u>

Accounting policy**(i) Annual leave**

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

(ii) Long service leave

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

15 Other liabilities**Current**

Contract liabilities - membership revenue	8,045	4,196
Other liabilities - rental income in advance	-	3,720
	<u>8,045</u>	<u>7,916</u>

Non-current

Contract liabilities - membership revenue	5,389	1,300
	<u>5,389</u>	<u>1,300</u>

Accounting policy

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

Notes to the financial statements

For the year ended 31 May 2021

16 Leases

The Club leases several assets including point-of-sale hardware and computer equipment.

	2021	2020
	\$	\$
Right-of-use asset		
Non-current		
Right-of-use assets	36,957	24,813

Reconciliation of right-of-use assets	Point of Sale hardware	Computer equipment	Total	Total
2021	\$	\$	\$	\$
At 1 June 2020	21,552	3,261	24,813	44,667
Additions	45,055	-	45,055	-
Disposals	20,306	3,261	23,567	-
Amortisation	9,344	-	9,344	19,854
31 May 2021	36,957	-	36,957	24,813

Lease liabilities	Point of Sale hardware	Computer equipment	Total	Total
Current	\$	\$	\$	\$
Lease liabilities	9,912	-	9,912	7,780
Non-current				
Lease liabilities	30,562	-	30,562	-
Total	40,474	-	40,474	7,780

Reconciliation of lease liabilities	Point of Sale hardware	Computer equipment	Total	Total
2021	\$	\$	\$	\$
At 1 June 2020	5,320	2,460	7,780	29,198
Additions	49,560	-	49,560	-
Interest expense	2,003	27	2,030	500
Lease payments	16,409	2,487	18,896	21,918
31 May 2021	40,474	-	40,474	7,780

Accounting policy

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

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

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial position within property, plant and equipment.

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Club's incremental borrowing rate. The weighted average incremental borrowing rate is 8.13%.

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

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

17 Reserves

	General	Total
	\$	\$
Balance at 1 June 2020	2,086	2,086
Balance at 31 May 2021	2,086	2,086

(i) *Nature and purpose of reserves*

General reserve Historical carry forward balance on change to co-operative with no share capital.

Notes to the financial statements

For the year ended 31 May 2021

18	Commitments	2021	2020
		\$	\$
(i)	<i>Capital Commitments</i>		
	Furniture and fittings	-	163,542
		-	163,542
19	Contingent liabilities		
	Bank guarantee substituting for a security deposit for TAB facilities	5,000	5,000

Development Agreement

During the year, the Club has entered into an agreement with a contract partner to develop 10 townhouses on the site of the Clubs investment properties. As part of the development agreement, the Club has agreed to sell their investment properties and a portion of the Club carpark to the contract partner. In exchange, the Club is to receive \$600,000 in cash upfront, along with two townhouses upon the completion of their construction.

The development agreement also contains a commitment by the Club for circumstances where the construction is unable to be completed. In this case the Club will re-acquire their previous investment properties and associated land for the \$600,000.

20 Related parties

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

(a) *Key management personnel compensation*

Total key management personnel benefits	65,177	104,732
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(b) *Transactions with other related parties*

The son of Directors Leanne Gardner and Jeff Gardner is employed by the Club under normal award terms and conditions.

Purchases from Zek-Elec Electrical (Director Robert Szekeyhidy)	7,882	-
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21 Critical accounting estimates and judgements

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

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

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

- Estimation of useful lives of non-current assets (notes 9 and 11) - The useful life of property, plant and equipment and right-of-use assets (where useful life is greater than the lease term) is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence. The useful life of poker machine entitlements classified as an intangible asset has been assessed as indefinite. There is uncertainty in relation to this assumption as it is based on current legislation and conditions attached to the entitlements. The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.
- Estimated fair value of development property receivable (note 8) - the fair value of the development property receivable is estimated at each reporting date, based on independent assessments of the market value of the properties and the best available knowledge of current market prices. Estimation uncertainty exists and is related to the various assumptions used in determining the fair value.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 19 are in accordance with the Co-operatives National Law (NSW), including:
 - (i) comply with Australian Accounting Standards - Reduced Disclosure Requirements, and the Co-operatives National Regulations (NSW) 2014 and other mandatory professional reporting requirements.
 - (ii) giving a true and fair view of the Club's financial position as at 31 May 2021 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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



S. Smith - Chairperson



L. Gardner - Deputy Chairperson

Dated: 28 July 2021
Kahibah

Independent auditor's report to the members of Kahibah Bowling Club Co-operative Limited

Opinion

We have audited the financial report of Kahibah Bowling Club Co-operative Limited (the Club) which comprises the statement of financial position as at 31 May 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Club is in accordance with the Co-Operatives National Law (NSW), including:

- (i) giving a true and fair view of the Clubs financial position as at 31 May 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements, and the Co-operatives National Regulations (NSW) 2014.

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 Co-operatives National Regulations (NSW) 2014 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 – Reduced Disclosure Requirements and the Co-operatives National Law (NSW) and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Club for the year ended 31 May 2021 included on the Club's web site. The Club's Directors are responsible for the integrity of the Club's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

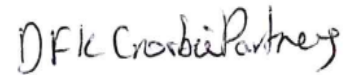
Auditor's responsibilities for the audit of the financial report

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

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



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

Dated: 28 July 2021
Newcastle West

Newcastle | Sydney

Liability limited by a scheme approved under the Professional Standards legislation.