

ANNUAL REPORTS AND FINANCIAL STATEMENTS

For the year ended 30 June 2020.



ClubGRANTS

**Munmorah United Bowling Club proudly supported the following not for profit organisations in our community with donations totalling \$41,746
2019-2020**

Munmorah United Fishing Club
Munmorah United Darts Club
Munmorah United Euchre Club
Lake Munmorah Netball Club
Northern Lakes Junior RLFC
Lake Munmorah High School
Lake Munmorah Public School
Cancer Council
Northlakes Probus
Lake Munmorah Probus
ARPR
Mannering Park Public School
Give Me 5 for Kids
Munmorah Walkabout Social Golf Club
Jeans for Genes
Dad's Day Out – Uniting Care
Wyang Hospital Women's Auxiliary
Lake Munmorah Progress Association
Lake Munmorah Senior Citizens
Gwandalan Lioness Club
Southlake Marketplace Uniting Care
Rural Aid & Buy A Bale
Central Coast Kids in Need
Blue Haven JRLFC
Lake Munmorah Residential Village
Parktrees Residential Village
Ingenia Lifestyle Village
Lakeside Leisure Village
Macquarie Shores Residential Village
Talbingo Country Club

PRESIDENT'S REPORT 2020

Dear Members

On behalf of the Board of Directors, I proudly present the 2020 Annual Report of the Company.

The past year has thrown so many curve balls including the drought, destructive bushfires followed by flooding and of course no one could have foreseen the changes to society, the Country and indeed the whole world because of COVID 19. The impact of COVID saw our Club close on Monday 23 March and reopen on Tuesday 2 June. Our CEO had the daunting task of standing down our entire workforce with no certainty of government support for any of our team, the future was bleak and depressing.

It was very pleasing to see our Club doors reopen with the correct health regulations introduced so that every member, guest, and team member were safe, and that the venue was clean and welcoming. I thank all members for being patient and understanding whilst allowing the Club to impose the restrictions required to be a COVID Safe venue and to ensure the Club remains open.

Many thanks to our CEO, Alex Moore, his management team, and our great group of staff for a job well done throughout the year. Alex continues to lead our Club and his team forward and must be applauded for the additional hard work and commitment he has shown during the year.

Thanks to my fellow Board members who have been proactive in ensuring the correct governance and procedures have been adopted and supported.

Many thanks to Head Chef Patray and her dedicated team for the great food offering and service you provide day in and day out. The quality of our food offering has been exceptional with numerous positive comments from members and guests.

Late December realised the completion of our artificial bowls surface on green #1. The green has been well received by all bowlers with this green now being the preferred option. To our Bowls Manager, Paul Wesche, thanks for your efforts during the year. Thanks to Tony Gough for his continued efforts in providing great playing surfaces for our members.

With the setback from the closure, unfortunately our future development has been postponed but remains as a priority on the Board 's agenda.

Finally, to all our members, thank you for your continued support.

John Heaton

**John Heaton
President
Munmorah United Bowling Club**

CHIEF EXECUTIVE OFFICER'S REPORT 2020

It is with great pleasure that I present the members of the Munmorah United Bowling Club, the Company's 52nd Annual Financial Report for the year ending 30 June 2020.

As members would be aware, the past year has thrown many curve balls at society and business. After the country suffered the effects of drought, the country endured some of the worst bushfires ever seen. This was followed up by severe flooding and then the COVID 19 pandemic. We all have been impacted with our everyday life changed forever.

I was proud of the response from the Club Industry, as CEO's across the state offered their premises as evacuation centres during the natural disasters to help their communities. Our Club played a big part in assisting the Talbingo Country Club with financial assistance to restore power to their Club following the fires in the Snowy Mountains region.

COVID 19 forced the Club to close on 23 March until 1 June. Closing the Club had a major impact on our team with uncertainty and confusion experienced by all. The Club provided care packages to all staff when we closed to offer some form of comfort for the times ahead. During the shutdown, the Club was given a minor facelift by having the foyer and the lounge painted and the lighting upgraded. Our staff showed great compassion during the closure by pulling together to contact our members to check on their welfare. Our team feel they are community ambassadors and their efforts were a true display of selflessness.

On reopening, the Club had to operate under very strict guidelines and restrictions associated with the Public Health Order. The Order placed restrictions on venue capacity, visitation registers, social distancing, patrons to remain seated always, no co-mingling and the need to have COVID Safe marshals on duty whilst the Club was operating. Although the restrictions and health guidelines change almost daily, you can rest assured the Munmorah United Bowling Club team will continue to provide a safe and clean venue for our members and their guests.

Following what can only be regarded as one of the toughest trading periods ever faced by the Club, the financial performance was much healthier than expected. The Club suffered a nett loss of \$89,196 but returned a positive operating cashflow of \$402,205. As expected, revenue was down 16% which along with the nett loss for the year, contributed to the Clubs nett assets drop of 1.8%. The Club's cash reserves remain strong with working capital remaining positive.

Your Club remains profitable and financially healthy as it navigates through this COVID era. I personally have concerns for the local and state economy when the financial safety net payments from the government are lifted which will constrain disposable spend greatly.

Our Club continued to support the local community by issuing over \$41,000 in cash and in-kind donations over the year. Our appreciative recipients included The Southlake Marketplace, Central Coast Kids in Need, Mannering Park Public School, the Blue Haven Raiders JRLFC, Talbingo Country Club, Northern Lakes JRLFC, local Probus groups, ARPRA, the Munmorah United Fishing Club, Lake Munmorah Netball Club and the Lake Munmorah High School to name a few.

With the forced closure in March, the Board and Management remain focused on the Masterplan to build a new Club which has now been delayed. I am working hard with local parliamentarians to achieve a swift result with the Club's conversion application currently with the Department of Lands. Once this is resolved, the Board and I can move forward with our plans.

To our Chairman, John Heaton and his team of Directors, thank you all for your support during the year. Thanks to Fiona and Sonia who have assisted the team with reconciling takings on a regular basis. To my management team of Greg, Cathy, Patray and Paul, thank you for your efforts and friendship during the year. To all my staff, you have endured challenging and uncertain times during the year, but you have all remained strong. Thanks for your hard work.

Finally, a huge thank you to our members for your loyalty and friendship during the past 12 months, and I offer my condolences to those members and staff who have lost loved ones this past year.

We are lucky to have such an active, diverse and appreciative membership. My team will continually welcome you to the Munmorah Bowlo each time you visit.

Alex Moore

Alex Moore

Chief Executive Officer

TREASURER'S REPORT 2020

What a different report we present to you this year!

As expected, the reduction in profit realised a loss over all areas of \$89,196.

Obviously due to the closure of the Club in line with Public Health orders from 23 March to 1 June 2020, this led to a decrease in revenue with some ongoing costs still being incurred.

Bar and Food decreased by \$231,000

Gaming decreased by \$840,000

The JobSeeker Payments of \$210,000 and the Cashflow Boost from the Government of \$62,500 helped to offset the loss.

Expenses \$4,888,315. Down 7.7%

Revenue \$4,799,119. Down 16.0%

The installation of the synthetic green has been a great success allowing the opportunity to play bowls consistently under the watchful eye of our Bowls Secretary Paul Wesche. Well done Paul.

I must congratulate the Staff and Management for undertaking their jobs professionally in the adverse conditions we have encountered. Thank you all.

To my fellow Board Members thank you for your hard work and support over the last year and for allowing me to attend meetings via Zoom due to Family commitments. Thank you so much.

Alex our CEO, words cannot describe your commitment to our Club. You have gone above and beyond in fulfilling your role. Our Club is still in a good financial position even after the shutdown during the year. Your quick response to all situations was realised smoothly making our Club a place where Members could come and feel safe and protected from this disease. It is still a place "Where members come to meet". On behalf of Members, Staff, and the Board of Directors. Thank You!

Fiona Macalpine

Fiona Macalpine

Treasurer





**Munmorah United Bowling
Club Limited**

ACN 000 639 314

**Annual Financial Report
for the year ended 30 June 2020**

Munmorah United Bowling Club Limited ACN 000 639 314
Annual financial report for the year ended 30 June 2020

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These financial statements are the financial statements of Munmorah United Bowling Club. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 25 August 2020. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Munmorah United Bowling Club (the Club) for the year ended 30 June 2020.

Directors details

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

Mr John Heaton

President
Director since 2015
Retired, Mining Electrical Engineer

Mr Raymond Burke

Vice President
Director since 2012
Retired, Manager & Transport Officer

Ms Sonia Geddes

Bowling Director
Director since 2010
Retired, Office Manager

Ms Fiona MacAlpine

Treasurer
Director since 2004
Self employed for 15 years

Ms Beverly Jones

Bowling Director
Director since 2016
Retired, Bank Manager

Ms Rosemary Elliot

Bowling Director
Director since 2016
Retired, Wedding Coordinator

Mr Graham Brown

Bowling Director
Director since 2018
Retired, Car Salesman

Company secretary

The Company Secretary is Mr Alex Moore. Mr Moore has been an employee of Munmorah United Bowling Club Limited since August 2014 and was appointed on 10 October 2014 to the position of Company Secretary. Prior to this, Mr Moore has held senior management positions in other larger registered clubs in Port Macquarie, Penrith and Blacktown.

Director's meetings

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

Board members	Board meetings	
	A	B
Mr John Heaton	10	10
Ms Sonia Geddes	10	9
Ms Beverly Jones	10	9
Mr Raymond Burke	10	10
Ms Fiona MacAlpine	10	9
Ms Rosemary Elliot	10	7
Mr Graham Brown	10	10
Mr Stephen Tanko	7	5

Where:

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

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 30 June 2020, the following land and buildings are considered to be core and non-core property:

Core	-	Leased club property - Acacia Avenue, Lake Munmorah
Non-Core	-	600 Pacific Highway, Lake Munmorah

Principal activities

During the year, the principal activities of the Club was the running of the Club in accordance with its objectives for the benefit of its members.

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

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 since year end Clubs have been allowed to reopen and re-commenced trading from 1 June 2020 with restrictions in place.

There have been a range of measures introduced by the Government to support businesses and the Club is eligible as a result of the impact of the 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 may impact existing cash reserves, with the financial position of the Club being monitored on an ongoing basis by management and the Board.

Objectives of the Club

The Club's short and long-term objectives are to:

- Maintain the financial viability of the Club through routine monitoring and control by comparison and benchmarking within the Club industry and through Key Performance Indicators;
- Provide members with services and facilities that meet or exceed their expectation;
- Monitor staff development and provide training to enhance career advancement;
- Maintain or increase existing revenue levels and to control costs to return to profitability which will allow the Club's facilities to be continually improved; and
- To promote and maintain the foundation principles in accordance with the Club's Constitution.

To achieve these objectives the Club has adopted the following strategies:

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

Performance measurement

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

Contribution in winding up

The Club is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the Club. At 30 June 2020, the total amount that members of the Club are liable to contribute if the Club was wound up is \$27,280 (2019: \$27,070).


Rounding of amounts

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

Auditor's independence declaration

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

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



John Heaton - President



Fiona MacAlpine - Treasurer

Dated: 25 August 2020

Auditor's independence declaration

To the Directors of Munmorah United Bowling Club

In accordance with the requirements of the Corporations Act 2001, as lead auditor for the audit of Munmorah United Bowling Club for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

Dated: 25 August 2020
Newcastle West, NSW

Munmorah United Bowling Club

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

		2020	2019
	Notes	\$	\$
Revenue from continuing operations	2	4,470,573	5,677,212
Other Income	3	328,546	39,032
Bar cost of goods sold		(536,767)	(636,438)
Bar direct expenses		(425,113)	(547,289)
Bistro cost of goods sold		(343,825)	(222,980)
Bistro direct expenses		(457,852)	(348,070)
Gaming direct expenses		(1,034,519)	(1,187,819)
Promotions expenses		(590,958)	(747,437)
Greens expenses		(249,233)	(311,384)
Administration expenses		(1,233,595)	(1,266,465)
Finance costs		(16,453)	(10,313)
Movement in fair value - investment property		-	(20,000)
Profit / (loss) before income tax		(4,888,315)	(5,298,195)
Income tax expense		(89,196)	418,049
Profit / (loss) for the year		(89,196)	418,049
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		(89,196)	418,049

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

Statement of financial position

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	434,222	680,597
Inventories	6	44,226	46,606
Financial assets at amortised cost	7	1,137,424	879,057
Other assets	9	35,958	47,212
Total current assets		1,651,830	1,653,472
Non-current assets			
Property, plant and equipment	10	3,477,451	3,593,968
Investment properties	11	430,000	430,000
Right-of-use asset	12	981,868	-
Financial Assets at fair value	8	1,086	1,086
Total non-current assets		4,890,405	4,025,054
Total assets		6,542,235	5,678,526
LIABILITIES			
Current liabilities			
Trade and other payables	13	372,889	276,531
Financial liabilities	14	105,497	125,430
Provisions	15	53,277	89,656
Other liabilities	16	15,776	27,122
Lease liabilities	12	12,196	-
Total current liabilities		559,635	518,739
Non-current liabilities			
Financial liabilities	14	63,236	133,098
Provisions	15	23,372	13,543
Lease liabilities	12	972,042	-
Total non-current liabilities		1,058,650	146,641
Total liabilities		1,618,285	665,380
Net assets		4,923,950	5,013,146
MEMBERS FUNDS			
Retained profits		4,923,950	5,013,146
Total members funds		4,923,950	5,013,146

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

Munmorah United Bowling Club

Statement of changes in equity

For the year ended 30 June 2020

	Retained Profits \$	Total \$
Balance at 1 July 2018	4,595,097	4,595,097
Profit for the year	418,049	418,049
Total comprehensive income for the year	<u>418,049</u>	<u>418,049</u>
Balance at 30 June 2019	<u>5,013,146</u>	<u>5,013,146</u>
Profit for the year	(89,196)	(89,196)
Total comprehensive income for the year	<u>(89,196)</u>	<u>(89,196)</u>
Balance at 30 June 2020	<u>4,923,950</u>	<u>4,923,950</u>

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

Statement of cash flows

For the year ended 30 June 2020

	2020	2019
	\$	\$
Cash flows from operating activities		
Receipts from members and customers	5,116,096	6,261,715
Payments to suppliers and employees	(4,724,961)	(5,393,543)
Interest received	16,381	20,451
Interest paid	(5,311)	(10,343)
Net cash inflow (outflow) from operating activities	402,205	878,280
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	3,000	5,000
Payments for property, plant and equipment	(337,401)	(496,140)
Transfer from / (to) Term Deposits	(165,266)	(269,215)
Proceeds from sale of unlisted shares	-	164
Net cash inflow (outflow) from investing activities	(499,667)	(760,191)
Cash flows from financing activities		
Proceeds from borrowings	-	196,325
Repayment of borrowings	(89,795)	(149,199)
Lease payments	(59,118)	-
Net cash inflow (outflow) from financing activities	(148,913)	47,126
Net increase in cash and cash equivalents	(246,375)	165,215
Cash and cash equivalents at the beginning of the financial year	680,597	515,382
Cash and cash equivalents at the end of the financial year	434,222	680,597

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

Notes to the financial statements

For the year ended 30 June 2020

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, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Munmorah United Bowling Club (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 which have been measured at fair value. The financial report is presented in Australian Dollars.

(c) New and amended standards adopted by the Club

The Club has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*

The principal accounting policies adopted are consistent with those of the previous financial year except for the policies stated below:

AASB 15 Revenue from Contracts with Customers

The Club has adopted AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15' from 1 July 2019. AASB 15 establishes a comprehensive five-step framework for recognising revenue. AASB 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. AASB 15 has replaced past revenue recognition guidance including AASB 18 Revenue, AASB 11 Construction Contracts and the related Interpretations.

Under AASB 15, revenue is recognised when a performance obligation has been satisfied at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer/member. The standard requires entities to exercise judgment, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers/members.

AASB 15 has been applied by the Club in accounting for and recognising revenue. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new policies are set out in note 2.

The standard permits either a full retrospective or a modified retrospective approach for adoption. The Club employed the modified retrospective approach for adoption as at 1 July 2019.

The adoption has impacted the accounts as follows:

The Club concluded that AASB 15 required no change in the method of accounting for the sale of goods and the provision of services. Sales are made at a point in time as the products and services are provided, with no contingent features to the price or volumes delivered. Sales for the provision of services are made at a point in time, with no contingent features to the price. The Club has a customer loyalty program which allows customers to earn points from selected purchases which are redeemable on future purchases. It was determined that the impact of the loyalty program on 1 July 2019 and 30 June 2020 was immaterial.

The application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Club.

Notes to the financial statements

For the year ended 30 June 2020

(c) New and amended standards adopted by the Club (continued)

AASB 16 Leases

The Club has adopted AASB 16 'Leases' from 1 July 2019. AASB 16 Leases ('AASB 16') removes the current operating and finance lease distinction for lessees and requires entities to recognise all material leases on the statement of financial position. AASB 16 requires the recognition of a right-of-use asset and a corresponding lease liability at the commencement of all leases, except for short-term leases and leases of low value assets.

The standard permits either a full retrospective or a modified retrospective approach for adoption. The Club has elected to apply the modified retrospective method of adoption from the date of initial application, which allows the Club to not restate comparative financial statement information.

The adoption has impacted the annual financial statements as follows:

As a result of the adoption of AASB 16, the Club has recognised right-of-use assets and lease liabilities with the following effects on the statement of financial position:

- The recognition of right-of-use assets of \$993,590;
- The recognition of lease liabilities of \$993,590;

(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 30 June 2020

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:

	Food and beverage Revenue	Bowling Revenue	Gaming Revenue	Promotions Revenue	Membership Revenue	Other Revenue	Total
2020	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	1,885,292	107,677	2,180,716	209,015	22,300	48,393	4,453,393
Other revenue (not covered by AASB15)	-	-	17,180	-	-	-	17,180
	<u>1,885,292</u>	<u>107,677</u>	<u>2,197,896</u>	<u>209,015</u>	<u>22,300</u>	<u>48,393</u>	<u>4,470,573</u>

Timing of revenue recognition

At a point in time	1,885,292	107,677	2,197,896	209,015	-	48,393	4,448,273
Over time	-	-	-	-	22,300	-	22,300
	<u>1,885,292</u>	<u>107,677</u>	<u>2,197,896</u>	<u>209,015</u>	<u>22,300</u>	<u>48,393</u>	<u>4,470,573</u>

	Food and beverage Revenue	Bowling Revenue	Gaming Revenue	Promotions Revenue	Membership Revenue	Other Revenue	Total
2019	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	2,116,433	137,730	3,020,444	294,317	25,899	65,209	5,660,032
Other revenue (not covered by AASB15)	-	-	17,180	-	-	-	17,180
	<u>2,116,433</u>	<u>137,730</u>	<u>3,037,624</u>	<u>294,317</u>	<u>25,899</u>	<u>65,209</u>	<u>5,677,212</u>

Timing of revenue recognition

At a point in time	2,116,433	137,730	3,037,624	294,317	-	65,209	5,651,313
Over time	-	-	-	-	25,899	-	25,899
	<u>2,116,433</u>	<u>137,730</u>	<u>3,037,624</u>	<u>294,317</u>	<u>25,899</u>	<u>65,209</u>	<u>5,677,212</u>

b) Assets and liabilities related to contracts with customers

The Club has recognised the following assets and liabilities related to contracts with customers:

	2020	2019
	\$	\$
Contract liabilities (membership in advance)	3,535	6,608
Total contract liabilities	<u>3,535</u>	<u>6,608</u>

c) 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 - food and beverage revenue

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

(ii) Provision of services - bowling revenue

Bowling revenue comprises greens fees and competition fees and is recognised at a point in time when the game of bowls has been completed as at this point the performance obligations have been satisfied.

Notes to the financial statements

For the year ended 30 June 2020

(c) Accounting policies and significant judgements*(iii) Provision of services - gaming revenue*

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

(iv) Provision of services - promotion revenue

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

(v) Provision of services - membership revenue

Membership subscriptions 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.

(vi) Other revenue

The Club recognises other revenue at a point in time when the performance obligation has been satisfied.

3 Other income and expense items

	2020	2019
	\$	\$
(a) Other income		
Rental income	10,575	11,346
Interest Income	21,337	18,507
Insurance Recoveries	3,192	4,115
Government Stimulus Funding - Cashflow Boost	62,500	-
Government Stimulus Funding - Jobkeeper	210,750	-
Other Income	17,192	64
Gain on disposal of fixed assets	3,000	5,000
	<u>328,546</u>	<u>39,032</u>

(i) Rental income

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.

(ii) Interest income

Interest income is recognised on an accruals basis.

(iii) Other income

The Club recognises other income when it becomes receivable.

(b) Other expenses

Employee Benefits Expense	1,519,305	1,456,400
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Notes to the financial statements

For the year ended 30 June 2020

5 Cash and cash equivalents

	2020	2019
	\$	\$
Current		
Cash and Cash Equivalents	434,222	680,597
	<u>434,222</u>	<u>680,597</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.

6 Inventories

Current		
Stock on hand - bar	37,660	40,977
Stock on hand - bistro	6,566	5,629
	<u>44,226</u>	<u>46,606</u>

Accounting policy

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

7 Financial assets at amortised cost

Current		
Term deposits	1,039,221	873,954
Other receivables	98,203	5,103
	<u>1,137,424</u>	<u>879,057</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 Financial assets at fair value through other comprehensive income

Non-current		
Shares	1,086	1,086
	<u>1,086</u>	<u>1,086</u>

Accounting policy

Assets that are held for collection of contractual cashflows and for selling of financial assets are measured at fair value through other comprehensive income.

9 Other assets

Current		
Prepayments	35,958	47,212
	<u>35,958</u>	<u>47,212</u>

Accounting policy

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

Notes to the financial statements

For the year ended 30 June 2020

10 Property, plant and equipment

	Land and buildings	Plant and equipment	Poker machines	Capital WIP	Total
	\$	\$	\$	\$	\$
Non-current assets					
At 1 July 2019					
Cost	3,784,001	1,880,304	2,394,127	131,322	8,189,754
Accumulated depreciation	(1,544,789)	(1,454,547)	(1,596,450)	-	(4,595,786)
Net book amount	2,239,212	425,757	797,677	131,322	3,593,968
Year ended 30 June 2020					
Opening net book amount	2,239,212	425,757	797,677	131,322	3,593,968
Additions	14,592	32,332	111,619	210,575	369,118
Depreciation charge	(87,726)	(84,569)	(313,340)	-	(485,635)
Closing net book amount	2,166,078	373,520	595,956	341,897	3,477,451
At 30 June 2020					
Cost	3,798,029	1,912,639	2,303,514	341,897	8,356,079
Accumulated depreciation	(1,631,951)	(1,539,119)	(1,707,558)	-	(4,878,628)
Net book amount	2,166,078	373,520	595,956	341,897	3,477,451

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

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

(b) Plant and equipment and 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:

Leasehold Improvements	10 - 50 years
Plant & Equipment	3 - 11 years
Poker Machines	3 - 5 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.

Munmorah United Bowling Club
Notes to the financial statements
For the year ended 30 June 2020

11 Investment properties

	2020	2019
	\$	\$
Non-current assets - at fair value		
Opening balance at 1 July	430,000	450,000
Net gain / (loss) from fair value adjustment	-	20,000
Closing balance at 30 June	<u>430,000</u>	<u>430,000</u>

Accounting policy

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. 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 are stated at fair value, which has been determined by the Directors based on a market appraisal performed by Raine and Horne as at 30 June 2020. The real estate agent frequently assesses the market values for properties similar to those held by the Club in the same areas, having regard to past sales prices of other properties and current market conditions.

12 Leases

The Club leases several assets including the Club Land where Club buildings and facilities are situated and various poker machines.

The lease over the Crown Land occupied by the Club is a lease in Perpetuity between the Company and Crown Lands NSW and commenced in 1974. The agreement provides the right of the Minister to terminate the lease on one years notice with all improvements reverting to the Landlord.

	2020	2019
	\$	\$
a) Right-of-use asset		
Non-current		
Right-of-use assets	<u>981,868</u>	-

	Plant and		Total	Total
	Equipment	Land		
	\$	\$	\$	\$
Reconciliation of right-of-use assets				
2020				
At 1 July 2019	57,630	935,960	993,590	-
Additions	-	-	-	-
Depreciation	(11,722)	-	(11,722)	-
30 June 2020	<u>45,908</u>	<u>935,960</u>	<u>981,868</u>	<u>-</u>

b) Lease liabilities

Current				
Lease liabilities	12,196	-	12,196	-
Non-current				
Lease liabilities	36,082	935,960	972,042	-
Total	<u>48,278</u>	<u>935,960</u>	<u>984,238</u>	<u>-</u>

	Plant and		Total	Total
	Equipment	Land		
	\$	\$	\$	\$
Reconciliation of lease liabilities				
2020				
At 1 July 2019	57,630	935,960	993,590	-
Additions	2,968	46,798	49,766	-
Lease payments	(12,320)	(46,798)	(59,118)	-
Net movement during year	<u>48,278</u>	<u>935,960</u>	<u>984,238</u>	<u>-</u>
30 June 2020				

Notes to the financial statements

For the year ended 30 June 2020

12 Leases (continued)**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 and grouped in classes of similar underlying assets.

Right-of-use assets are initially measured at cost, comprising the following:

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

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Club's incremental borrowing rate. The weighted average incremental borrowing rate is 5%.

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.

Reconciliation of lease liabilities at 1 July 2019	Plant and Equipment	Total
	\$	\$
Lease commitments at 1 July 2019	170,665	170,665
Relief for short term leases	104,585	104,585
Gross lease liabilities as at 1 July 2019	66,080	66,080
Discounting	(8,450)	(8,450)
Lease liabilities as a result of the initial application of AASB 16	57,630	57,630
	2020	2019
	\$	\$
Net present value of lease in perpetuity on initial application of AASB 16	935,960	-

On adoption of AASB 16 Leases the future lease commitment relating to the land lease in perpetuity has now been recognised at the net present value of the annual lease payment being \$46,798 and discounted using the incremental borrowing rate as above.

Lessor

Leases for which the Club is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

As lessor for operating leases, the Club recognises lease payments as income. The underlying asset is depreciated on a straight line basis over its expected useful life.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the financial statements

For the year ended 30 June 2020

13 Trade and other payables

	2020	2019
	\$	\$
Current		
Trade payables	152,895	114,877
Other payables and accruals	194,385	124,188
GST payable	25,609	37,466
	<u>372,889</u>	<u>276,531</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.

14 Financial liabilities**Current***Secured*

Other loans (i)	105,497	125,430
Total secured financial liabilities	<u>105,497</u>	<u>125,430</u>

Non-current*Secured*

Other loans (i)	63,236	133,098
Total secured financial liabilities	<u>63,236</u>	<u>133,098</u>

(i) *Other secured liabilities*

The other 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.

15 Provisions**Current**

Employee entitlements (i) & (ii)	53,277	89,656
	<u>53,277</u>	<u>89,656</u>

Non-current

Employee entitlements (ii)	23,372	13,543
	<u>23,372</u>	<u>13,543</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.

Notes to the financial statements

For the year ended 30 June 2020

16 Other liabilities	2020	2019
	\$	\$
Current		
Contract liabilities - membership income	3,535	6,608
Other liabilities	12,241	20,514
	<u>15,776</u>	<u>27,122</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.

17 Commitments

(i) <i>Capital Commitments</i>		
Sign-in equipment	11,020	-
	<u>11,020</u>	<u>-</u>

Capital commitments relate to the Club's Sign-in electronic terminal.

18 Contingent liabilities

Bank guarantee substituting for a security deposit for TAB facilities	<u>5,000</u>	<u>5,000</u>
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The Club has an overdraft facility of \$100,000 with the Commonwealth Bank which is secured by:

- A First Registered Mortgage over Residential Real Property at 600 Pacific Highway, Lake Munmorah NSW.
- A First Registered Equitable Mortgage over non residential real property located at Acacia Avenue, Lake Munmorah
- A First Registered Equitable Mortgage over the whole of the assets and undertakings including uncalled capital of the Company.

19 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	<u>267,678</u>	<u>247,818</u>
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Notes to the financial statements

For the year ended 30 June 2020

20 Critical accounting estimates and judgements

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

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

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

- Estimation of useful lives of non-current assets (notes 10 and 12) - 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 estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.
- Accounting for Lease in Perpetuity with Crown Lands NSW (note 12) - The accounting treatment of the Club's lease in perpetuity with Crown Lands NSW involves judgement and estimates in determining whether the contract grants rights that result in transfer of control of the asset to the Club and therefore results in the in-substance purchase of the Land. The Directors have determined that control of the asset does not transfer to the Club and as such the contract has been treated as a lease in accordance with AASB16 Leases. The estimates and judgements involved may impact the classification of the contract liabilities and the associated asset should they change.
- Estimated fair value of investment properties (note 11) - the fair value of investment properties 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

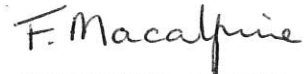
In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 20 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Club's financial position as at 30 June 2020 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.



John Heaton - President



Fiona MacAlpine - Treasurer

Lake Munmorah, NSW
25 August 2020

Independent auditor's report to the members of Munmorah United Bowling Club

Opinion

We have audited the financial report of Munmorah United Bowling Club (the Club) which comprises the statement of financial position as at 30 June 2020, 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 Corporations Act 2001 including:

- (i) giving a true and fair view of the Clubs financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements.

Basis for opinion

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

We 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 Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Club for the year ended 30 June 2020 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

25 August 2020
Newcastle West, NSW

Newcastle | Sydney

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