



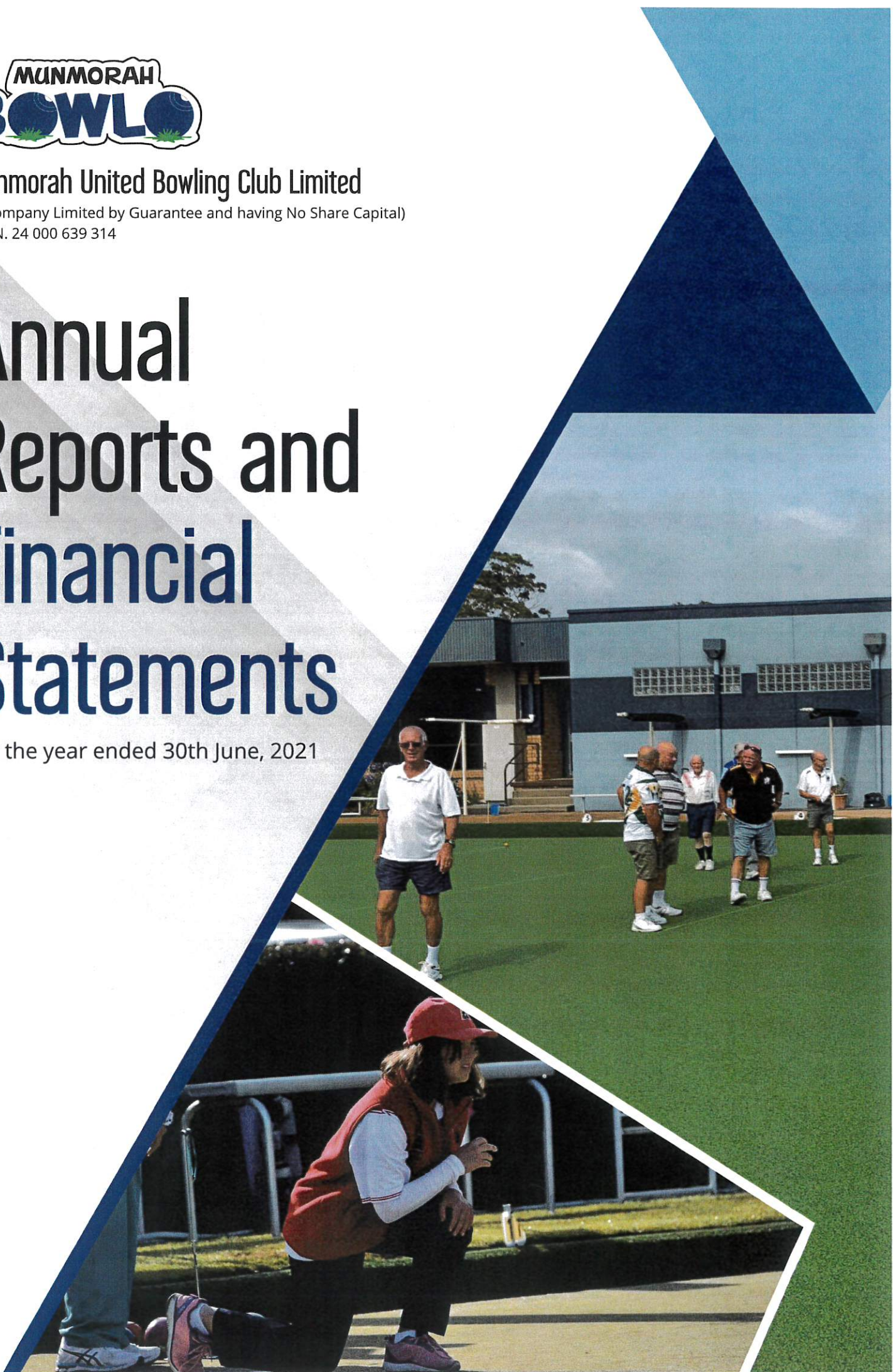
Munmorah United Bowling Club Limited

(A Company Limited by Guarantee and having No Share Capital)

A.B.N. 24 000 639 314

# Annual Reports and Financial Statements

For the year ended 30th June, 2021





# ClubGRANTS

**Munmorah United Bowling Club proudly supported the following not for profit organisations in our community with donations totalling \$63,907  
2020-2021**

Munmorah United Fishing Club  
Munmorah United Darts Club  
Munmorah United Euchre Club  
Lake Munmorah Netball Club  
Northern Lakes Junior RLFC  
Blue Haven Raiders JRLFC  
Dudley RLFC  
Lake Munmorah High School  
Lake Munmorah Public School  
Northlakes Probus  
Lake Munmorah Probus  
ARPRA  
Gosford Rotary  
Mannering Park Public School  
Munmorah Walkabout Social Golf Club  
Jeans for Genes  
Dad's Day Out – Uniting Care  
Lake Munmorah Progress Association  
Lake Munmorah Senior Citizens  
Gwandalan Lioness Club  
Southlake Marketplace Uniting Care  
Blue Haven JRLFC  
Lake Munmorah Residential Village  
Parktrees Residential Village  
Teraglin Village  
Ingenia Lifestyle Village  
Lakeside Leisure Village  
Learning Links  
Careflight Ltd  
Marine Rescue  
Surf Life Saving Central Coast  
The Bone Bus  
Macquarie Shores Residential Village



**Munmorah United Bowling  
Club Limited**

ACN 000 639 314

**Annual Financial Report  
for the year ended 30 June 2021**

## PRESIDENTS REPORT 2021

Dear Members ,

On behalf of the Board of Directors I am pleased to present our 2021 Annual Report of the Company.

With our Club fully following the Public Health Orders, our members will find their time here a little different, but it is to ensure that every member is healthy to return as we believe we are a Community Hub for the area.

The last twelve months has been one of the toughest periods of time that the Club has been through in recent years, especially with the COVID lock down, but as you will see in our Financial report, we have come through this with flying colours.

Most of the credit for this fantastic trading result, must go to our management team led by Alex Moore. I cannot thank them enough for work they have put in over this time to put the Club in such a good position as it is in today

Part of that team, Head Chef Patray, together with Shane, entered the Perfect Plate Competition and finished equal first for the Central Coast. Congratulations Patray and Shane.

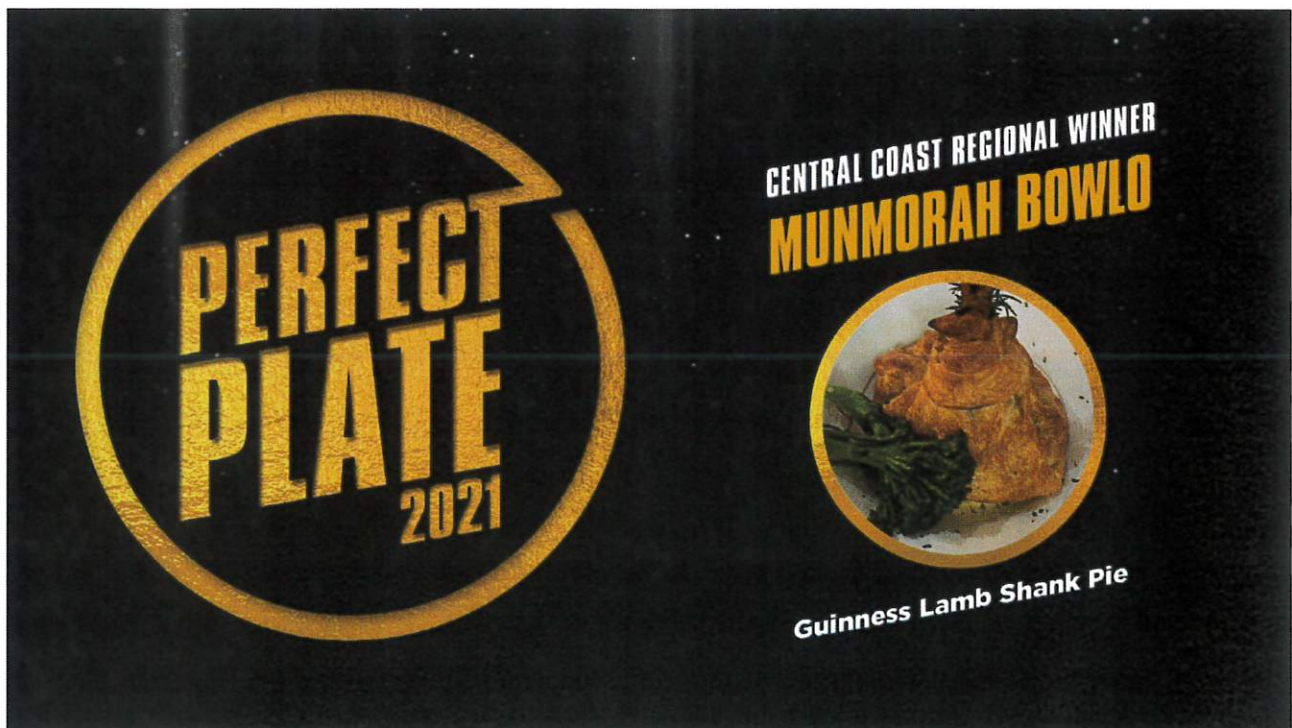
Again, my thanks to Paul Wesche for his endeavours to keep bowls going and the good work being done by Tony Gough for the excellent condition the bowling green and surrounds are kept in.

Last but by no means least, I would like to thank the members of the Board of Directors. Never have I ever worked with a more professional team of men and women. They really wear their heart on their sleeves when it comes to anything to do with the Club.

A very big thank you to all our members who continue help make this club a Great Club and part of their life.

Kind Regards,

John Heaton.



# CHIEF EXECUTIVE OFFICER'S REPORT 2021

Dear Members

On behalf of the Board and all the team, I take pleasure in presenting to members the 53<sup>rd</sup> Annual Report of the company for the financial year ended 30 June 2021.

As I present my report, I reflect on what has been a challenging and very different year as we learnt to adjust to "Life with Covid-19" over the past 12 months.

Following the forced closure of the Club in March until June of last year, your Club enjoyed its best trading year in history. On reopening in June 2020, the Club operated under very rigorous guidelines and restrictions associated with the Public Health Order. The Order placed restrictions on venue capacity, visitation registers, social distancing, patrons to remain seated, no co-mingling and the need to have COVID Safe marshals on duty whilst the Club was operating. Although the restrictions and health guidelines changed almost daily, the Munmorah United Bowling Club team continued to provide a safe and clean venue for our members and their guests.

Irrespective of the challenges faced by the business, the financial performance was above expectations. We have come out of last years lockdown with an excellent result overall which is all from the support and relationship we have with our members and community.

- The Club produced a positive operating cashflow of \$1,262,471, up 258%.
- Revenue increased by 23% retuning a nett profit of \$687,985, up 871%.
- The Club's nett assets increased to over \$5.6million.
- Working capital increased 78% to \$1.95million.
- Expenses including wages were well managed under the circumstances.
- Our term deposit increased by \$465k from \$1.05million.

Your Club remains profitable and financially healthy as it navigates through this COVID era. Looking ahead, your Board and management team are identifying opportunities to grow and diversify the business to ensure relevance and sustainability. It is of major importance to discover income streams that sees us not merely rely on gaming, food, and beverage.

Our Club continued to support the local community by issuing over \$64,000 in cash and in-kind donations over the year. Our appreciative recipients included The Southlake Marketplace, Surf Life Saving CC, Mannering Park Public School, the Blue Haven Raiders JRLFC, Gosford Rotary, Marine Rescue, Careflight, Elsie's Retreat, Northern Lakes JRLFC, local Probus groups, ARPRA, the Munmorah United Fishing Club, Lake Munmorah Netball Club and the Lake Munmorah High and Public Schools to name a few.

The Board and Management remain focused on the Masterplan to build a new Club which has again been delayed. I continue to pursue the landowner for a speedy decision on the Club's conversion application. Once this is resolved, the Board and I can move forward with our masterplan.

To our Chairman, John, Vice Chairman Ray, Directors Sonia, Rhonda, Rosemary and Graham, thank you all for your support during the year. I have involved you in numerous discussions and correspondence over the past 12 months on a regular basis, and you continued to provide the appropriate governance in all your decisions.

I would like to recognise and express my sincere thanks and gratitude to Cathy Watson, Patray Moncacha and Paul Wesche who have, once again, been rock solid in their individual areas throughout another year and have played a major role towards returning the excellent result we have achieved. 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, our members who are flying our flag and continue to support our Club through thick and thin; thank you for getting behind the Club and for your support. We are lucky to have such an active, diverse and appreciative membership. My team look forward to welcoming you to the Munmorah Bowlo each time you visit.

*Alex Moore*

**Alex Moore**  
Chief Executive Officer

**Munmorah United Bowling Club Limited** ACN 000 639 314  
**Annual financial report for the year ended 30 June 2021**

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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 28 September 2021. 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 2021.

### 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 Bourke

Vice President  
Director since 2012  
Retired, Manager & Transport Officer

#### Ms Sonia Geddes

Bowling Director  
Director since 2010  
Retired, Office Manager

#### Ms Rosemary Elliott

Bowling Director  
Director since 2016  
Retired, Wedding Coordinator

#### Mr Graham Brown

Bowling Director  
Director since 2018  
Retired, Car Salesman

#### Ms Rhonda Preece

Bowling Director  
Director since 2020  
Retired, Company Secretary and Hairdresser

### 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 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 (Did not stand at AGM)	3	3
Mr Raymond Bourke	10	10
Ms Fiona MacAlpine (Did not stand at AGM)	3	3
Ms Rosemary Elliott	10	10
Mr Graham Brown	10	10
Ms Rhonda Preece (Elected at AGM)	7	7
Mr Kenneth Doonan (Elected at AGM, Resigned March 2021)	3	2

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 2021, 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

From 27 June 2021 the Club was required to close again due to lockdowns imposed as a result of the COVID-19 pandemic. The Club is controlling costs where possible and is also eligible for government funding via the business support grant and jobsaver program throughout this period of closure. The Club is still in lockdown as at the signing date of this report.

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 2021, the total amount that members of the Club are liable to contribute if the Club was wound up is \$28,040 (2020: \$27,280).

### 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



Raymond Bourke - Vice President

**Dated: 28 September 2021**  
**Lake Munmorah, NSW**



## Auditor's independence declaration

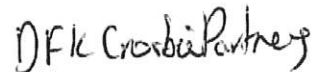
To the Directors of Munmorah United Bowling Club

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 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 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: 28 September 2021**  
**Newcastle West, NSW**

**Newcastle | Sydney**

Liability limited by a scheme approved under the Professional Standards legislation

Munmorah United Bowling Club

## Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

		2021	2020
		\$	\$
<b>Revenue from continuing operations</b>	Notes 2	<b>5,642,140</b>	4,472,863
Other Income	3	289,707	326,256
Bar cost of goods sold		(549,159)	(536,767)
Bar direct expenses		(450,629)	(425,113)
Bistro cost of goods sold		(508,490)	(343,825)
Bistro direct expenses		(522,531)	(457,852)
Gaming direct expenses		(1,204,331)	(1,034,519)
Promotions expenses		(515,707)	(590,958)
Greens expenses		(259,885)	(249,233)
Administration expenses		(1,174,701)	(1,186,811)
Finance costs		(58,429)	(63,237)
<b>Profit / (loss) before income tax</b>		<b>(5,243,862)</b>	(4,888,315)
Income tax expense	1 (c)	-	-
<b>Profit / (loss) for the year</b>		<b>687,985</b>	(89,196)
Other comprehensive income		-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>687,985</b>	(89,196)

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 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	848,284	434,222
Inventories	6	31,281	44,226
Financial assets at amortised cost	7	1,505,611	1,137,424
Other assets	9	25,419	35,958
<b>Total current assets</b>		<b>2,410,595</b>	<b>1,651,830</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	3,228,812	3,477,451
Investment properties	11	455,000	430,000
Right-of-use asset	12	970,986	981,868
Financial assets at fair value	8	1,086	1,086
<b>Total non-current assets</b>		<b>4,655,884</b>	<b>4,890,405</b>
<b>Total assets</b>		<b>7,066,479</b>	<b>6,542,235</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	226,992	372,889
Financial liabilities	14	83,087	105,497
Provisions	15	119,728	53,277
Other liabilities	16	17,286	15,776
Lease liabilities	12	12,833	12,196
<b>Total current liabilities</b>		<b>459,926</b>	<b>559,635</b>
<b>Non-current liabilities</b>			
Financial liabilities	14	6,204	63,236
Provisions	15	27,245	23,372
Lease liabilities	12	961,169	972,042
<b>Total non-current liabilities</b>		<b>994,618</b>	<b>1,058,650</b>
<b>Total liabilities</b>		<b>1,454,544</b>	<b>1,618,285</b>
<b>Net assets</b>		<b>5,611,935</b>	<b>4,923,950</b>
<b>MEMBERS FUNDS</b>			
Retained profits		5,611,935	4,923,950
<b>Total members funds</b>		<b>5,611,935</b>	<b>4,923,950</b>

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 2021

	Retained Profits \$	Total \$
<b>Balance at 1 July 2019</b>	5,013,146	5,013,146
Profit for the year	(89,196)	(89,196)
<b>Total comprehensive income for the year</b>	<b>(89,196)</b>	<b>(89,196)</b>
<b>Balance at 30 June 2020</b>	<b>4,923,950</b>	<b>4,923,950</b>
Profit for the year	687,985	687,985
<b>Total comprehensive income for the year</b>	<b>687,985</b>	<b>687,985</b>
<b>Balance at 30 June 2021</b>	<b>5,611,935</b>	<b>5,611,935</b>

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 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from members and customers		6,214,737	4,842,846
Government stimulus received		325,900	273,250
Payments to suppliers and employees		(5,235,402)	(4,774,727)
Interest received		15,665	16,381
Interest paid		(58,429)	(5,311)
<b>Net cash inflow (outflow) from operating activities</b>		<b>1,262,471</b>	<b>352,439</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(293,431)	(337,401)
Transfer from / (to) term deposits		(464,960)	(165,266)
Proceeds from sale of property, plant and equipment		500	3,000
<b>Net cash inflow (outflow) from investing activities</b>		<b>(757,891)</b>	<b>(499,667)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		54,744	-
Repayment of borrowings		(134,186)	(89,795)
Repayment of lease liabilities		(11,076)	(9,352)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(90,518)</b>	<b>(99,147)</b>
<b>Net increase in cash and cash equivalents</b>		<b>414,062</b>	<b>(246,375)</b>
Cash and cash equivalents at the beginning of the financial year		434,222	680,597
<b>Cash and cash equivalents at the end of the financial year</b>		<b>848,284</b>	<b>434,222</b>

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 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, 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) Income Taxes

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

#### (d) 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.

#### (e) 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 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:

	Food and Beverage Revenue	Bowling Revenue	Gaming Revenue	Promotions Revenue	Membership Revenue	Other Revenue	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2021</b>							
Revenue from contracts with customers	2,223,111	144,522	2,913,815	224,528	24,871	94,113	5,624,960
Other revenue (not covered by AASB15)	-	-	17,180	-	-	-	17,180
	<u>2,223,111</u>	<u>144,522</u>	<u>2,930,995</u>	<u>224,528</u>	<u>24,871</u>	<u>94,113</u>	<u>5,642,140</u>

*Timing of revenue recognition*

At a point in time	2,223,111	144,522	2,913,815	224,528	-	94,113	5,600,089
Over time	-	-	17,180	-	24,871	-	42,051
	<u>2,223,111</u>	<u>144,522</u>	<u>2,930,995</u>	<u>224,528</u>	<u>24,871</u>	<u>94,113</u>	<u>5,642,140</u>

	Food and Beverage Revenue	Bowling Revenue	Gaming Revenue	Promotions Revenue	Membership Revenue	Other Revenue	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2020</b>							
Revenue from contracts with customers	1,885,292	107,677	2,180,716	209,015	22,300	50,683	4,455,683
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>50,683</u>	<u>4,472,863</u>

*Timing of revenue recognition*

At a point in time	1,885,292	107,677	2,180,716	209,015	-	50,683	4,433,383
Over time	-	-	17,180	-	22,300	-	39,480
	<u>1,885,292</u>	<u>107,677</u>	<u>2,197,896</u>	<u>209,015</u>	<u>22,300</u>	<u>50,683</u>	<u>4,472,863</u>

**b) Assets and liabilities related to contracts with customers**

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

	2021	2020
	\$	\$
Contract liabilities (membership in advance)	6,208	3,535
Total contract liabilities	<u>6,208</u>	<u>3,535</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 2021

**(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**

	2021	2020
	\$	\$
<b>(a) Other income</b>		
Rental income	10,240	10,575
Interest income	7,037	21,337
Insurance recoveries	-	3,192
Government stimulus funding - Cashflow Boost	37,500	62,500
Government stimulus funding - Jobkeeper	200,255	210,750
Other income	9,175	14,902
Movement in fair value - investment property	25,000	-
Gain on disposal of property, plant and equipment	500	3,000
	<u>289,707</u>	<u>326,256</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 income 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) Insurance proceeds*

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

*(iv) Government stimulus funding*

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

*(v) Movement in fair value - investment property*

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

*(vi) 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.

*(vii) Other income*

The Club recognises other income when it becomes receivable.

**(b) Other expenses**

Employee Benefits Expense	1,558,280	1,519,306
Depreciation	491,469	497,357



**Notes to the financial statements**

For the year ended 30 June 2021

**5 Cash and cash equivalents**

	2021	2020
	\$	\$
<b>Current</b>		
Cash and cash equivalents	848,284	434,222
	<u>848,284</u>	<u>434,222</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**

<b>Current</b>		
Stock on hand - bar	23,174	37,660
Stock on hand - bistro	8,107	6,566
	<u>31,281</u>	<u>44,226</u>

**Accounting policy**

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

**7 Financial assets at amortised cost**

<b>Current</b>		
Term deposits	1,504,181	1,039,221
Other receivables	1,430	98,203
	<u>1,505,611</u>	<u>1,137,424</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**

<b>Non-current</b>		
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**

<b>Current</b>		
Prepayments	25,419	35,958
	<u>25,419</u>	<u>35,958</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 2021

**10 Property, plant and equipment**

<b>Non-current assets</b>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Poker machines</b>	<b>Capital WIP</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>At 1 July 2020</b>					
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	<u>2,166,078</u>	<u>373,520</u>	<u>595,956</u>	<u>341,897</u>	<u>3,477,451</u>
<b>Year ended 30 June 2021</b>					
Opening net book amount	2,166,078	373,520	595,956	341,897	3,477,451
Additions	15,382	93,782	105,154	19,490	233,808
Disposals	(1,263)	(1,437)	-	-	(2,700)
Transfers	173,773	-	-	(173,773)	-
Depreciation charge	(107,142)	(84,547)	(288,058)	-	(479,747)
Closing net book amount	<u>2,246,828</u>	<u>381,318</u>	<u>413,052</u>	<u>187,614</u>	<u>3,228,812</u>
<b>At 30 June 2021</b>					
Cost	3,946,250	1,911,262	2,014,482	187,614	8,059,608
Accumulated depreciation	(1,699,422)	(1,529,944)	(1,601,430)	-	(4,830,796)
Net book amount	<u>2,246,828</u>	<u>381,318</u>	<u>413,052</u>	<u>187,614</u>	<u>3,228,812</u>

**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 property, 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 2021

**11 Investment properties**

	2021	2020
	\$	\$
<b>Non-current assets - at fair value</b>		
Opening balance at 1 July	430,000	430,000
Net gain / (loss) from fair value adjustment	25,000	-
Closing balance at 30 June	<u>455,000</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 Ray White as at 30 June 2021. 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.

	2021	2020
	\$	\$
<b>a) Right-of-use asset</b>		
<b>Non-current</b>		
Right-of-use assets	<u>970,986</u>	<u>981,868</u>

	<b>Plant and</b>		<b>Total</b>	<b>Total</b>
	<b>equipment</b>	<b>Land</b>		
	\$	\$	\$	\$
<b>Reconciliation of right-of-use assets</b>				
<b>2021</b>				
At 1 July 2020	45,908	935,960	981,868	981,868
Additions	-	840	840	840
Depreciation	(11,722)	-	(11,722)	(11,722)
<b>30 June 2021</b>	<u>34,186</u>	<u>936,800</u>	<u>970,986</u>	<u>981,868</u>

**b) Lease liabilities**

<b>Current</b>				
Lease liabilities	12,833	-	12,833	12,196
<b>Non-current</b>				
Lease liabilities	24,369	936,800	961,169	972,042
<b>Total</b>	<u>37,202</u>	<u>936,800</u>	<u>974,002</u>	<u>984,238</u>

	<b>Plant and</b>		<b>Total</b>	<b>Total</b>
	<b>Equipment</b>	<b>Land</b>		
	\$	\$	\$	\$
<b>Reconciliation of lease liabilities</b>				
<b>2021</b>				
At 1 July 2020	48,278	935,960	984,238	993,590
Additions	-	840	840	0
Interest expense	2,364	35,697	38,061	49,766
Lease payments	(13,440)	(35,697)	(49,137)	(59,118)
<b>Net movement during year</b>	<u>37,202</u>	<u>936,800</u>	<u>974,002</u>	<u>984,238</u>
<b>30 June 2021</b>				

## Notes to the financial statements

For the year ended 30 June 2021

### 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.

#### 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 2021

**13 Trade and other payables**

	2021	2020
	\$	\$
<b>Current</b>		
Trade payables	86,205	152,895
Other payables and accruals	108,151	194,385
GST payable	32,636	25,609
	<u>226,992</u>	<u>372,889</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)	83,087	105,497
Total secured financial liabilities	<u>83,087</u>	<u>105,497</u>

**Non-current***Secured*

Other loans (i)	6,204	63,236
Total secured financial liabilities	<u>6,204</u>	<u>63,236</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 a right to defer settlement of the liability for at least 12 months after the reporting period.

**15 Provisions****Current**

Employee entitlements (i) & (ii)	119,728	53,277
	<u>119,728</u>	<u>53,277</u>

**Non-current**

Employee entitlements (ii)	27,245	23,372
	<u>27,245</u>	<u>23,372</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 2021

**16 Other liabilities**

	2021	2020
	\$	\$
<b>Current</b>		
Contract liabilities - membership income	6,208	3,535
Other liabilities	11,078	12,241
	<u>17,286</u>	<u>15,776</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
Poker machines	41,900	-
Flooring and gaming room renovations	87,615	-
	<u>129,515</u>	<u>11,020</u>

Capital commitments relate to the Club's purchase of poker machines and restaurant renovations.

**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 NSW.
- 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>242,450</u>	<u>267,678</u>
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## Notes to the financial statements

For the year ended 30 June 2021

### 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.

### 21 Subsequent events

From 27 June 2021 the Club was required to close again due to lockdowns imposed as a result of the COVID-19 pandemic. The Club is controlling costs where possible and is also eligible for government funding via the business support grant and jobsaver program throughout this period of closure. The Club is still in lockdown as at the signing date of this report however expects to operate profitably again once reopened.

## Directors' declaration

### In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 19 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 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.



John Heaton - President



Raymond Bourke - Vice President

Lake Munmorah, NSW  
28 September 2021

## **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 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 Corporations Act 2001 including:

- (i) giving a true and fair view of the Clubs financial position as at 30 June 2021 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 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.

**Newcastle | Sydney**

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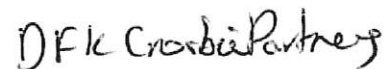
**Auditor's responsibilities for the audit of the financial report**

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](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

**28 September 2021**  
**Newcastle West, NSW**

**Newcastle | Sydney**

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