



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 30 June 2022



ClubGRANTS

**Munmorah United Bowling Club proudly supported the following not for profit organisations in our community with donations totalling \$69,832
2021-2022**

Munmorah United Fishing Club
Munmorah United Darts Club
Munmorah United Euchre Club
Northern Lakes Junior RLFC
Northern Lakes RLFC
Blue Haven Raiders JRLFC
Lake Munmorah High School
Lake Munmorah Public School
Northlakes Probus
Lake Munmorah Probus
ARPA
Munmorah Walkabout Social Golf Club
Dad's Day Out – Uniting Care
Gwandalan Lioness Club
Southlake Marketplace Uniting Care
Lake Munmorah Residential Village
Parktrees Residential Village
Teraglin Village
Ingenia Lifestyle Village
Lakeside Leisure Village
The Bone Bus
Macquarie Shores Residential Village
Valhalla Village
Red Nose Day
Justice Alliance International
Munmorah United Women's BC

PRESIDENTS REPORT 2022

Dear Members,

On behalf of the Board of Directors, I am pleased to present our 2022 Annual Report of the Company. Once again, our last year has been challenging, but to make the profit we did, has shown our business is being run in an appropriate manner.

In achieving this result, many thanks must be given to our CEO Alex Moore and his management team led by Cathy Watson for all their efforts. Thanks also to our whole team for their efforts during the year. We are very lucky to have a such hard working team.

To our Brasserie team, led by Patray Moncacha, have done a sensational job this past year. Congratulations to Patray and Michael for again being in the top 2 in the Perfect Plate Competition for a second year in a row. A wonderful achievement out of the 35 clubs on the Central Coast.

Thank you to Paul Wesche for your Bowls management. Your enthusiasm and drive have seen our membership numbers grow again this year. This achievement is not happening in the majority of Bowling Clubs on the Central Coast.

Many thanks to my fellow Board Members for your continued governance of the company and enthusiasm for ensuring our Club abides by the correct procedures and policies.

My biggest thanks go to all the Club Members who continue to make our Club the major Community Hub of the area.

Regards

John Heaton

John Heaton.

CHIEF EXECUTIVE OFFICER'S REPORT 2022

Dear Members

On behalf of the Board and all the team, I take pleasure in presenting to members the 54th Annual Report of the company for the financial year ended 30 June 2022.

Coming out of 2 years of uncertainty with the COVID pandemic, the management team recognised that we had to focus on re-engagement with our local customer base to get them confident in returning to the Club. We were proactive in ensuring our club was COVID safe by implementing the mandatory entry restrictions including, only granting entry to patrons that met the required vaccination obligations.

Our club, like many others, faced challenges in staff shortages, close contacts, isolation periods and adjusting customer expectations, to ensure we practiced the required COVID safe protocols to ensure we kept our members safety at the forefront of our business.

Irrespective of the challenges faced by the business, the financial performance was more than acceptable. Having been closed for the first 16 weeks of the financial year, the Club managed the following results:

- Revenue decreased by 32% to \$4,040,216 for 2022 when compared to the prior year.
- Nett profit of \$47,565.
- Growth in nett assets to \$5,659,500.
- The Club produced a positive operating cashflow of \$363,214.
- Working capital remained solid @ \$1,656,842.
- Expenses including wages were well managed under the circumstances.

Your Club remains profitable and financially healthy as it navigates the post COVID era. Looking ahead, your Board and management team continue to identify opportunities to grow and develop the business to ensure pertinence and sustainability. It is of major importance that the Club find alternate income streams to gaming, food, and beverage as it moves forward. One of those income streams is as a landlord, with the development of 2 townhouses on the Club's property located on the Pacific Highway at Lake Munmorah. Both townhouses will enter the rental market once complete in 2023.

The Board and Management remain committed on the Masterplan to build a new Club. The project continues to be delayed due to the continual obstacles and impediments encountered with our dealings with the Department of Lands. I continue to pursue the Department for a speedy outcome on the Club's conversion application. Once this is resolved, the Board and I can move forward with our masterplan.

Our Club continued to support the local community issuing over \$69,000 in cash and in-kind donations over such a challenging year. Again, our appreciative recipients included The Southlake Marketplace, Justice Alliance International, Mannering Park Public School, the Blue Haven Raiders JRLFC, Parktrees Village, Ingenia Lifestyle, Valhalla Village, Northern Lakes JRLFC and RLFC, local Probus groups, ARPRA, local Lions Clubs, the Munmorah United Fishing Club, Lake Munmorah Netball Club and the Lake Munmorah High and Public Schools to name a few.

To Club Chairman, John, Vice Chairman Ray, Directors Sonia, Rhonda, Rosemary, and Graham, thank you all for your support during the year. As mentioned on many occasions, the directors responsibilities continue to increase with our directors committed to best practice, along with conducting themselves at the highest standard. A huge thank you also for your support with Club promotional events.

One of the biggest achievements for our Club was the recognition of the quality of meals produced in our award-winning Brasserie. This was even more evident with our Brasserie being awarded 1st place in the 2021 ClubsNSW Perfect Plate competition for the Central Coast region, with our outstanding Lamb Shank Pie. This was backed up again in the 2022 competition with our Pork Belly and Rice Gnocchi finishing 2nd behind the Diggers at the Entrance. A huge congratulations to our talented chefs Patray and Michael.

Another notable achievement was the performance of our Ladies Grade 2 Pennants. After successfully winning their zone, they headed to the State championships in Forster. Playing some of the best bowlers in the state, our team of 8 knuckled down and performed brilliantly winning the state title in a convincing manner. Congratulations ladies, you have cemented Munmorah United Bowling Club as a formidable bowling club.

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 better-than-expected result this year. To my supervisory team, you have all gone above and beyond since we reopened in October. 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.

Following recent changes to the Registered Clubs Act, and with the ability to save costs, and the burden on administration, meeting notices to members will be sent electronically next year. If you wish to still receive a hard copy of the notice, please notify the club in writing at least 30 days before the relevant meeting.

My deepest condolences to families who lost loved ones during the year.

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 2022**

Munmorah United Bowling Club Limited ACN 000 639 314
Annual financial report for the year ended 30 June 2022

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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 11 August 2022. 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 2022.

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
President since 2015
Vice President 2014 to 2015
Director 2008 to 2012
Retired, Mining Electrical Engineer

Ms Sonia Geddes

Bowling Director
Director since 2010
Retired, Office Manager
Life member of Munmorah United Bowling Club

Mr Graham Brown

Bowling Director
Director since 2018
Retired, Car Salesman

Mr Raymond Bourke

Vice President
Vice President since 2014
Director 2008 to 2014
Retired, Manager & Transport Officer

Ms Rosemary Elliott

Bowling Director
Director since 2016
Retired, Wedding Coordinator

Ms Rhonda Preece

Bowling Director
Womens Bowls President since 2022
Womens Bowls Secretary 2020 to 2022
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 | 9 | 9 |
| Ms Sonia Geddes | 9 | 9 |
| Mr Raymond Bourke | 9 | 9 |
| Ms Rosemary Elliott | 9 | 8 |
| Mr Graham Brown | 9 | 9 |
| Ms Rhonda Preece | 9 | 8 |

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 2022, 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.

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 2022, the total amount that members of the Club are liable to contribute if the Club was wound up is \$28,700 (2021: \$28,040).

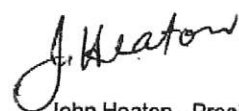
Rounding of amounts

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: 11 August 2022
Lake Munmorah, NSW

Auditor's independence declaration

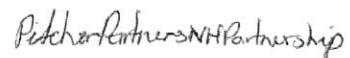
To the Directors of Munmorah United Bowling Club

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 2022, 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



Pitcher Partners NH Partnership
Chartered Accountants

Dated: 11 August 2022
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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Munmorah United Bowling Club

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

| | | 2022 | 2021 |
|---|-------|----------------------|--------------------|
| | Notes | \$ | \$ |
| Revenue from continuing operations | 2 | 3,753,690 | 5,642,140 |
| Other income | 3 | 286,526 | 289,707 |
| Bar cost of goods sold | | (298,975) | (549,159) |
| Bar direct expenses | | (334,827) | (450,629) |
| Bistro cost of goods sold | | (356,044) | (508,490) |
| Bistro direct expenses | | (369,900) | (522,531) |
| Gaming direct expenses | | (860,473) | (1,204,331) |
| Promotions expenses | | (344,420) | (515,707) |
| Greens expenses | | (238,895) | (259,885) |
| Administration expenses | | (1,123,534) | (1,174,701) |
| Finance costs | | (65,583) | (58,429) |
| | | <u>(3,992,651)</u> | <u>(5,243,862)</u> |
| Profit / (loss) before income tax | | 47,565 | 687,985 |
| Income tax expense | 1 (d) | - | - |
| Profit / (loss) for the year | | <u>47,565</u> | <u>687,985</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income / (loss) for the year | | <u>47,565</u> | <u>687,985</u> |

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 2022

| | Notes | 2022 \$ | 2021 \$ |
|--------------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 655,465 | 848,284 |
| Inventories | 6 | 44,864 | 31,281 |
| Financial assets at amortised cost | 7 | 1,506,024 | 1,505,610 |
| Other assets | 9 | 45,176 | 25,419 |
| Total current assets | | 2,251,529 | 2,410,594 |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 3,582,859 | 3,228,812 |
| Investment properties | 11 | 550,000 | 455,000 |
| Lease asset | 12 | 1,003,306 | 970,986 |
| Financial assets at fair value | 8 | 1,086 | 1,086 |
| Total non-current assets | | 5,137,251 | 4,655,884 |
| Total assets | | 7,388,780 | 7,066,478 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 13 | 381,126 | 226,992 |
| Financial liabilities | 14 | 83,717 | 83,087 |
| Provisions | 15 | 99,322 | 119,728 |
| Other liabilities | 16 | 18,134 | 17,286 |
| Lease liabilities | 12 | 12,388 | 12,833 |
| Total current liabilities | | 594,687 | 459,926 |
| Non-current liabilities | | | |
| Financial liabilities | 14 | 110,581 | 6,204 |
| Provisions | 15 | 31,191 | 27,245 |
| Lease liabilities | 12 | 992,821 | 961,169 |
| Total non-current liabilities | | 1,134,593 | 994,618 |
| Total liabilities | | 1,729,280 | 1,454,544 |
| Net assets | | 5,659,500 | 5,611,934 |
| MEMBERS FUNDS | | | |
| Retained profits | | 5,659,500 | 5,611,935 |
| Total members funds | | 5,659,500 | 5,611,935 |

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 2022

| | Retained Profits \$ | Total \$ |
|--|---------------------------|------------------|
| Balance at 1 July 2020 | 4,923,950 | 4,923,950 |
| Profit for the year | 687,985 | 687,985 |
| Total comprehensive income for the year | <u>687,985</u> | <u>687,985</u> |
| Balance at 30 June 2021 | <u>5,611,935</u> | <u>5,611,935</u> |
| Profit for the year | 47,565 | 47,565 |
| Total comprehensive income for the year | <u>47,565</u> | <u>47,565</u> |
| Balance at 30 June 2022 | <u>5,659,500</u> | <u>5,659,500</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 2022

| | 2022 | 2021 |
|---|------------------|------------------|
| Notes | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from members and customers | 4,134,243 | 6,214,737 |
| Government stimulus received | 179,423 | 325,900 |
| Payments to suppliers and employees | (3,887,030) | (5,235,402) |
| Interest received | 2,161 | 15,665 |
| Interest paid | (65,583) | (58,429) |
| Net cash inflow (outflow) from operating activities | 363,214 | 1,262,471 |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (652,388) | (293,431) |
| Transfer from / (to) term deposits | 4,181 | (464,960) |
| Proceeds from sale of property, plant and equipment | - | 500 |
| Net cash inflow (outflow) from investing activities | (648,207) | (757,891) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 238,468 | 54,744 |
| Repayment of borrowings | (133,461) | (134,186) |
| Repayment of lease liabilities | (12,833) | (11,076) |
| Net cash inflow (outflow) from financing activities | 92,174 | (90,518) |
| Net increase in cash and cash equivalents | (192,819) | 414,062 |
| Cash and cash equivalents at the beginning of the financial year | 848,284 | 434,222 |
| Cash and cash equivalents at the end of the financial year | 655,465 | 848,284 |

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 2022

1 Summary of significant accounting policies

(a) Information about the entity

- Munmorah United Bowling Club is a company limited by guarantee, incorporated and domiciled in Australia.
- Munmorah United Bowling Club is a not for profit entity for the purpose of preparing the financial report.
- The registered office of the Club is Level 5, 12 Stewart Avenue, Newcastle West NSW 2259.
- The principal place of business of the Club is Acacia Avenue, Lake Munmorah 2259.

(b) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The prior year financial report was prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. The transition from the previous financial reporting framework to Australian Accounting Standards – Simplified Disclosures has not affected the Company's reported financial position, financial performance and cash flows.

(c) Statement of compliance

This financial report complies with *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities* 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.

(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 2022

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 |
|---------------------------------------|---------------------------|-----------------|------------------|--------------------|--------------------|---------------|------------------|
| 2022 | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue from contracts with customers | 1,408,585 | 94,215 | 1,990,759 | 158,419 | 20,143 | 64,389 | 3,736,510 |
| Other revenue (not covered by AASB15) | - | - | 17,180 | - | - | - | 17,180 |
| | <u>1,408,585</u> | <u>94,215</u> | <u>2,007,939</u> | <u>158,419</u> | <u>20,143</u> | <u>64,389</u> | <u>3,753,690</u> |

Timing of revenue recognition

| | | | | | | | |
|--------------------|------------------|---------------|------------------|----------------|---------------|---------------|------------------|
| At a point in time | 1,408,585 | 94,215 | 1,990,759 | 158,419 | - | 64,389 | 3,716,367 |
| Over time | - | - | 17,180 | - | 20,143 | - | 37,323 |
| | <u>1,408,585</u> | <u>94,215</u> | <u>2,007,939</u> | <u>158,419</u> | <u>20,143</u> | <u>64,389</u> | <u>3,753,690</u> |

| | Food and Beverage Revenue | Bowling Revenue | Gaming Revenue | Promotions Revenue | Membership Revenue | Other Revenue | Total |
|---------------------------------------|---------------------------|-----------------|------------------|--------------------|--------------------|---------------|------------------|
| 2021 | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 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> |

b) Assets and liabilities related to contracts with customers

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

| | 2022 | 2021 |
|--|--------------|--------------|
| | \$ | \$ |
| Contract liabilities (membership in advance) | <u>5,824</u> | <u>6,208</u> |
| Total contract liabilities | <u>5,824</u> | <u>6,208</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 2022

2 Revenue (continued)**(c) Accounting policies and significant judgements (continued)***(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

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| (a) Other income | | |
| Rental income | 8,581 | 10,240 |
| Interest income | 731 | 7,037 |
| Government stimulus funding - Cashflow boost | - | 37,500 |
| Government stimulus funding - Jobkeeper | - | 200,255 |
| Government stimulus funding - Jobsaver | 179,423 | - |
| Movement in fair value - investment property | 95,000 | 25,000 |
| Gain on disposal of property, plant and equipment | - | 500 |
| Other income | 2,791 | 9,175 |
| | <u>286,526</u> | <u>289,707</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) Government stimulus funding

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

(iv) 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.

(v) 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.

(vi) Other income

The Club recognises other income when it becomes receivable.

(b) Other expenses

| | | |
|---------------------------|-----------|-----------|
| Employee benefits expense | 1,168,490 | 1,558,280 |
| Depreciation | 423,397 | 491,469 |

Notes to the financial statements

For the year ended 30 June 2022

5 Cash and cash equivalents

| | 2022 | 2021 |
|---------------------------|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Cash and cash equivalents | 655,465 | 848,284 |
| | <u>655,465</u> | <u>848,284</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 | 28,735 | 23,174 |
| Stock on hand - bistro | 16,129 | 8,107 |
| | <u>44,864</u> | <u>31,281</u> |

Accounting policy

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

7 Financial assets at amortised cost

| | | |
|-------------------|------------------|------------------|
| Current | | |
| Term deposits | 1,500,000 | 1,504,180 |
| Other receivables | 6,024 | 1,430 |
| | <u>1,506,024</u> | <u>1,505,610</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 profit and loss

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

Accounting policy

Equity instruments are measured at fair value with changes in fair value recognised through profit and loss. Dividends received on these investments are recognised in the statement of profit or loss and other comprehensive income unless the distribution clearly represents a recovery of part of the cost of the investment.

9 Other assets

| | | |
|----------------|---------------|---------------|
| Current | | |
| Prepayments | 45,176 | 25,419 |
| | <u>45,176</u> | <u>25,419</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 2022

10 Property, plant and equipment

| | Land and buildings \$ | Plant and equipment \$ | Poker machines \$ | Capital WIP \$ | Total \$ |
|--------------------------------|--------------------------|------------------------------|-------------------------|----------------------|------------------|
| Non-current assets | | | | | |
| At 1 July 2021 | | | | | |
| 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> |
| Year ended 30 June 2022 | | | | | |
| Opening net book amount | 2,246,828 | 381,318 | 413,052 | 187,614 | 3,228,812 |
| Additions | 314,539 | 71,370 | 371,791 | 8,080 | 765,780 |
| Disposals | - | (53) | (3) | - | (56) |
| Transfers | - | - | - | - | - |
| Depreciation charge | (120,352) | (85,042) | (206,283) | - | (411,677) |
| Closing net book amount | <u>2,441,015</u> | <u>367,593</u> | <u>578,557</u> | <u>195,694</u> | <u>3,582,859</u> |
| At 30 June 2022 | | | | | |
| Cost | 4,260,789 | 1,973,915 | 2,136,892 | 195,694 | 8,567,290 |
| Accumulated depreciation | (1,819,774) | (1,606,322) | (1,558,335) | - | (4,984,431) |
| Net book amount | <u>2,441,015</u> | <u>367,593</u> | <u>578,557</u> | <u>195,694</u> | <u>3,582,859</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.

Notes to the financial statements

For the year ended 30 June 2022

11 Investment properties

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$ | \$ |
| Non-current assets - at fair value | | |
| Opening balance at 1 July | 455,000 | 430,000 |
| Net gain / (loss) from fair value adjustment | 95,000 | 25,000 |
| Closing balance at 30 June | <u>550,000</u> | <u>455,000</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 2022. 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 Lease assets and lease liabilities

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.

a) Lease assets**Non-current**

| | | |
|---------------------|------------------|----------------|
| Plant and equipment | 22,466 | 34,186 |
| Land | 980,840 | 936,800 |
| | <u>1,003,306</u> | <u>970,986</u> |

Reconciliation of lease assets

| | Plant and equipment | Land | Total | Total |
|--|------------------------|----------------|------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Carrying amount at the beginning of the year | 34,186 | 936,800 | 970,986 | 981,868 |
| Additions | - | 44,040 | 44,040 | 840 |
| Depreciation | (11,720) | - | (11,720) | (11,722) |
| Carrying amount at the end of the year | <u>22,466</u> | <u>980,840</u> | <u>1,003,306</u> | <u>970,986</u> |

b) Lease liabilities**Current**

| | | | | |
|-------------------|--------|---|--------|--------|
| Lease liabilities | 12,388 | - | 12,388 | 12,833 |
|-------------------|--------|---|--------|--------|

Non-current

| | | | | |
|-------------------|--------|---------|---------|---------|
| Lease liabilities | 11,981 | 980,840 | 992,821 | 961,169 |
|-------------------|--------|---------|---------|---------|

Total

| | | | | |
|--|---------------|----------------|------------------|----------------|
| | <u>24,369</u> | <u>980,840</u> | <u>1,005,209</u> | <u>974,002</u> |
|--|---------------|----------------|------------------|----------------|

Reconciliation of lease liabilities

| | Plant and equipment | Land | Total | Total |
|--|------------------------|----------------|------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Carrying amount at the beginning of the year | 37,202 | 936,800 | 974,002 | 984,238 |
| Additions | - | 44,040 | 44,040 | 840 |
| Interest expense | 1,727 | 47,758 | 49,485 | 38,061 |
| Lease payments | (14,560) | (47,758) | (62,318) | (49,137) |
| Carrying amount at the end of the year | <u>24,369</u> | <u>980,840</u> | <u>1,005,209</u> | <u>974,002</u> |

Maturity analysis of future lease payments

| | Total | Total |
|--|---------------|---------------|
| | \$ | \$ |
| Not later than 1 year | 13,440 | 13,440 |
| Later than 1 year and not later than 5 years | 12,320 | 25,760 |
| Later than 5 years | - | - |
| Lease payments | <u>25,760</u> | <u>39,200</u> |

The future lease commitment relating to the land lease in perpetuity has been recognised at the net present value of the current annual lease payment being \$49,042 and discounted using the incremental borrowing rate noted below.

Notes to the financial statements

For the year ended 30 June 2022

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.

13 Trade and other payables

| | 2022 | 2021 |
|-----------------------------|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Trade payables | - | - |
| Other payables and accruals | 351,593 | 194,356 |
| GST payable | 29,533 | 32,636 |
| | <u>381,126</u> | <u>226,992</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.

Notes to the financial statements

For the year ended 30 June 2022

14 Financial liabilities

| | 2022 | 2021 |
|-------------------------------------|----------------|---------------|
| | \$ | \$ |
| Current | | |
| <i>Secured</i> | | |
| Other loans (i) | 83,717 | 83,087 |
| Total secured financial liabilities | <u>83,717</u> | <u>83,087</u> |
| Non-current | | |
| <i>Secured</i> | | |
| Other loans (i) | 110,581 | 6,204 |
| Total secured financial liabilities | <u>110,581</u> | <u>6,204</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) | 99,322 | 119,728 |
| | <u>99,322</u> | <u>119,728</u> |

Non-current

| | | |
|----------------------------|---------------|---------------|
| Employee entitlements (ii) | 31,191 | 27,245 |
| | <u>31,191</u> | <u>27,245</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.

16 Other liabilities**Current**

| | | |
|--|---------------|---------------|
| Contract liabilities - membership income | 5,824 | 6,208 |
| Other liabilities | 12,310 | 11,078 |
| | <u>18,134</u> | <u>17,286</u> |

Accounting policy

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

Notes to the financial statements

For the year ended 30 June 2022

| 17 Commitments | 2022 | 2021 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| (i) <i>Capital commitments</i> | | |
| Investment property development | 680,000 | - |
| Poker machines | - | 41,900 |
| Flooring and gaming room renovations | - | 87,615 |
| | <u>680,000</u> | <u>129,515</u> |

18 Contingent liabilities

| | | |
|---|--------------|--------------|
| Bank guarantee substituting for a security deposit for TAB facilities | <u>5,000</u> | <u>5,000</u> |
|---|--------------|--------------|

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>263,494</u> | <u>242,450</u> |
|---|----------------|----------------|

(b) Transactions with other related parties

Director Sonia Geddes daughter Lianne Keough was employed by the Club on normal terms and conditions.

20 Remuneration of auditors*Auditor of the company*

| | | |
|--------------------------------------|---------------|---------------|
| Audit of the financial statements | 25,500 | 24,260 |
| Other services - taxation compliance | 380 | 360 |
| Other services - consulting | 7,320 | 7,670 |
| | <u>33,200</u> | <u>32,290</u> |

Notes to the financial statements

For the year ended 30 June 2022

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 19 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards - Simplified Disclosures, 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 2022 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
11 August 2022

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 2022, 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 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures, 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 – Simplified Disclosures 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 2022 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.

Adelaide Brisbane Melbourne Newcastle Perth 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. This description forms part of our audit report.

Shaun Mahony - Partner

Pitcher Partners NH Partnership
Chartered Accountants

11 August 2022
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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