



**Valentine Bowling Club  
Co-Operative Limited**

ABN 85 055 077 247

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

# Valentine Bowling Club Co-Operative Limited ABN 85 055 077 247

## Annual financial report for the year ended 30 April 2020

### Contents

	Page
Directors' report	3
Auditor's independence declaration	6
Financial statements	
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	21
Independent auditor's report to the members	22

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

The financial statements were authorised for issue by the Directors on 29 June 2020. The Directors have the power to amend and reissue the financial statements.

# Director's report

Your Directors present their report on Valentine Bowling Club Co-Operative Limited (the Club) for the year ended 30 April 2020.

## Directors details

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

### Mr Edward Elks

Finance, building, HR and membership, marketing, functions and strategic plan and WHS Committees  
Director since 2005

Worked in the insurance industry mainly with Mercantile Mutual Insurance culminating in the position of Regional Manager at Newcastle. He then worked with Markey Insurance Brokers as Administration Manager and then with Aust agencies as an Underwriter.

### Mr Robert Gray

Strategic plan and WHS Committees  
Director since 2018

Past roles include General Manager of Lake Macquarie City Council, Corporate Services Ambulance Service of NSW, and of Corporate Services WorkCover Authority of NSW, also Local Area Manager Newcastle Command NSW Police Force. Former board member of several other organisations.

### Mr Colin Taylor

Finance Committee  
Director since 2005

Certified Practising Accountant (CPA), JP. Has been employed in senior management / accounting roles for over 35 years.

### Mr Peter Howell

Building Committee  
Director since 2008

Started as an apprentice with Newcastle Building firm R.A. Wenham Pty Ltd from 1958 to 1970, finishing as a foreman. Here he achieved his Clerk of Works Certificate. Following this he worked with various sub-contracting builders until 1974 where he received a Builders Licence and worked as a sole builder until 2003. He worked as a foreman with Andrew Brown Construction through to retirement in 2008

### Mr David McQuire

Finance Committee  
Director since 2008

Qualified Accountant for over 42 years and a member of National Institute of Accountants and a member of the Australian Institute of Company Directors. Held Senior Accounting positions in major organisations in the Mining, Club and Construction Industries and a variety of small businesses in Australia, Indonesia and Chile (South America).

### Mrs Glenda Morgan

Marketing and Functions Committees  
Director since 2010

40 years teaching experience. BA Education. Diploma Special Education Teaching Certificate.

### Mr Colin Edwards

Finance Committee  
Director since 2014

12 years as a Bank Officer, 30 years in the Aluminium Industry. The past 18 years as Treasurer of Valentine Lions Club also the last 2 years as Treasurer of Belmont Scouts. Other positions held over the years include, President Eleebana Lions Club, President & Secretary of Valentine Soccer Club & President of Macquarie Soccer Association.

### Mr Geoff Armstrong

Marketing and Functions Committees  
Director since 2014

Qualified Fitter Machinist, 44 years working in mining industry. 10 years Union Rep in mining industry.

### Mrs Denise Miller

Human Resources  
Director since 2018

20 years experience working in administration and accounts type roles. Initially in the hotel industry for 5 years, and then for 5 years in real estate. Following this was 12 years in the role of Office Administrator/ Bookkeeper for a Sydney-based building company.

### Directors meetings

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

Board members	Board meetings	
	A	B
Mr Edward Elks	15	13
Mr Robert Gray	15	15
Mr Colin Taylor	15	13
Mr Peter Howell	15	15
Mr David McQuire	15	15
Mrs Glenda Morgan	15	14
Mr Colin Edwards	15	12
Mr Geoff Armstrong	15	15
Mrs Denise Miller	15	13

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 April 2020, the following land and buildings are considered to be core and non-core property:

**Core -** Leasehold property situated at Valentine Crescent, Valentine, NSW 2280

**Non-Core -** Nil.

### Principal activities

During the year, the principal activities of the Club was the running of the Co-operative in accordance with its objectives for the benefits of its members.

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

### Review of operations and financial results

The profit achieved for the year was \$57,993 (2019 profit \$246,630). The decrease in profit is the result of the impact of both renovations performed during the period as well as the closure of the Club in March 2020 due to the impacts of COVID-19.

### Significant changes in state of affairs

As a result of the spread of COVID-19 the Federal Government announced the closure of all Registered Clubs effective 23 March 2020 however since year end Clubs have been allowed to reopen from 1 June 2020 with restrictions in place. The Club has recommenced trading in June 2020.

Since year end there have been a range of measures introduced by the Government to support businesses and the Club is eligible as a result of the impact of the shutdowns announced due to the COVID-19 pandemic. Management in response has been actively negotiating with contractors and suppliers where possible to reduce operating costs during the shut down period. The Club anticipates a reduction in net profit will occur as result of these changes until such time that a return to normal operations is possible. The extent of the reduction in net profit will not impact existing cash reserves, with the financial position of the Club being monitored on an ongoing basis by management and the Board.

### Events since the end of the financial year

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Co-operative, the results of those operations, or the state of affairs of the Co-operative in future financial years, other than the re-opening of the Club following a reduction in trading restrictions.

### Environmental regulation

The Co-operative's operations are subject to various environmental regulations under both Commonwealth and State Legislations. The Directors are not aware of any breaches of the legislation during the financial year, which are material in nature.

### Dividends paid or recommended

The Co-operative is prohibited from paying dividends under its constitution.

**Options**

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

**Indemnifying Officer or Auditor**

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

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

**Rounding of amounts**

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

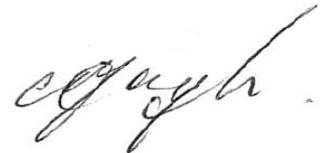
**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under Co-operatives National Regulations (NSW) 2014 is set out on page 6 and forms part of this Directors' report.

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



Edward Elks - Director



Colin Taylor - Director

**Dated: 29 June 2020**

## Auditor's independence declaration

To the Directors of Valentine Bowling Club Co-Operative Limited

In accordance with the requirements of the Corporations Act 2001, as lead auditor for the audit of Valentine Bowling Club Co-Operative Limited for the year ended 30 April 2020, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the 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.

*Kirsty Porteous*

Kirsty Porteous - Partner

*DFK Crosbie Partners*

DFK Crosbie Partners  
Chartered Accountants

Dated: 29 June 2020  
Newcastle West, NSW

Newcastle | Sydney

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

**Statement of profit or loss and other comprehensive income**

For the year ended 30 April 2020

	Notes	2020 \$	2019 \$
<b>Revenue from continuing operations</b>	2	<b>4,385,494</b>	4,881,495
Other Income	3	152,154	19,444
Bar cost of goods sold		(655,937)	(742,930)
Bar direct expenses		(333,130)	(360,612)
Bistro cost of goods sold		(633,485)	(704,543)
Bistro direct expenses		(700,945)	(757,711)
Gaming direct expenses		(228,939)	(221,659)
Members amenities		(255,015)	(284,298)
Clubhouse expenses		(620,522)	(622,336)
Administration expenses		(798,698)	(704,789)
Bowls Expenses		(252,984)	(255,431)
		<u>(4,479,655)</u>	<u>(4,654,309)</u>
<b>Profit / (loss) before income tax</b>		<b>57,993</b>	246,630
Income tax expense		-	-
<b>Profit / (loss) for the year</b>		<b>57,993</b>	246,630
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>57,993</b>	246,630

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

Valentine Bowling Club Co-Operative Limited  
**Statement of financial position**  
For the year ended 30 April 2020

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	295,768	534,240
Trade receivables	5	2,901	9,931
Inventories	6	44,468	72,562
Financial assets at amortised cost	7	98,498	154,188
Other assets	8	44,204	53,173
<b>Total current assets</b>		<b>485,839</b>	<b>824,094</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	3,824,673	2,929,829
Intangible assets	10	73,166	73,166
Right-of-use assets	11 (a)	365,113	-
<b>Total non-current assets</b>		<b>4,262,952</b>	<b>3,002,995</b>
<b>Total assets</b>		<b>4,748,791</b>	<b>3,827,089</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	134,551	268,550
Financial liabilities	13	-	50,000
Provisions	14	100,679	104,515
Other liabilities	15	71,360	134,897
Lease liabilities	11 (b)	20,155	-
<b>Total current liabilities</b>		<b>326,745</b>	<b>557,962</b>
<b>Non-current liabilities</b>			
Financial liabilities	13	735,000	-
Provisions	14	92,576	35,781
Other liabilities	15	32,510	30,618
Lease liabilities	11 (b)	301,239	-
<b>Total non-current liabilities</b>		<b>1,161,325</b>	<b>66,399</b>
<b>Total liabilities</b>		<b>1,488,070</b>	<b>624,361</b>
<b>Net assets</b>		<b>3,260,721</b>	<b>3,202,728</b>
<b>MEMBERS FUNDS</b>			
Reserves	16	1,271	1,271
Retained profits		3,259,450	3,201,457
<b>Total members funds</b>		<b>3,260,721</b>	<b>3,202,728</b>

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

**Statement of changes in equity**

For the year ended 30 April 2020

	<b>Reserves</b>	<b>Retained</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 May 2018</b>	1,271	2,954,827	2,956,098
Profit for the year		246,630	246,630
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>1,271</b>	<b>246,630</b>	<b>246,630</b>
<b>Balance at 30 April 2019</b>	<b>1,271</b>	<b>3,201,457</b>	<b>3,202,728</b>
Profit for the year	-	57,993	57,993
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>57,993</b>	<b>57,993</b>
<b>Balance at 30 April 2020</b>	<b>1,271</b>	<b>3,259,450</b>	<b>3,260,721</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 April 2020

	Notes	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Receipts from members and customers		4,794,941	5,400,826
Payments to suppliers and employees		(4,561,126)	(4,713,610)
Interest received		1,228	-
Interest paid		(35,620)	(6,067)
Grants received		-	45,512
<b>Net cash inflow (outflow) from operating activities</b>		<b>199,423</b>	<b>726,661</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(1,285,324)	(253,139)
Proceeds from sale of property, plant and equipment		31,903	17,820
Transfer to/from interest bearing deposit		150,000	(150,000)
<b>Net cash inflow (outflow) from investing activities</b>		<b>(1,103,421)</b>	<b>(385,319)</b>
<b>Cash flows from financing activities</b>			
Lease payments		(19,474)	-
Cash proceeds from borrowings		700,000	-
Repayment of borrowings		(15,000)	(154,812)
<b>Net cash inflow (outflow) from financing activities</b>		<b>665,526</b>	<b>(154,812)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(238,472)</b>	<b>186,530</b>
Cash and cash equivalents at the beginning of the financial year		534,240	347,710
<b>Cash and cash equivalents at the end of the financial year</b>		<b>295,768</b>	<b>534,240</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 April 2020

### 1 Summary of significant accounting policies

#### (a) Basis of preparation

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

#### (b) Statement of compliance

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

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian Dollars.

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

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

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*
- AASB 2010-1 - *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current*

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

##### *AASB 15 Revenue from Contracts with Customers*

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

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

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

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

*The adoption has impacted the accounts as follows:*

The Club concluded that AASB 15 required no change in the method of accounting for the sale of goods and the provision of services. Sales are made at a point in time as the products and services are provided, with no contingent features to the price or volumes delivered. Sales for the provision of services are made at a point in time, with no contingent features to the price. The Club issues vouchers where customers can then redeem these vouchers for discounted or free goods. It was determined that the impact of the vouchers on 1 May 2019 to 30 April 2020 was not material.

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

##### *AASB 16 Leases*

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

## Notes to the financial statements

For the year ended 30 April 2020

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

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

*The adoption has impacted the annual financial report as follows:*

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

- The recognition of right-of-use assets of \$390,868;
- The recognition of lease liabilities of \$340,868;
- The recognition of provision for make good of \$50,000.

#### *AASB 2010-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*

The Club has adopted AASB 2010-1 'Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current' from 1 May 2019. AASB 2010-1 removes the requirement to classify a liability as current where there is not an unconditional right to defer settlement for a period of greater than 12 months, and requires any liability where the entity has the right to defer settlement at the end of the reporting period (e.g. by virtue of meeting any specified conditions such as loan covenants) to now be classified as non-current

As a result of the adoption of AASB 2020-1, the Club has changed the classification of its bank loan under financial liabilities from current to non-current in the statement of financial position.

### (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.

## 2 Revenue

### (a) Disaggregation of revenue from contracts with customers

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

	Beverage Revenue	Gaming Revenue	Membership Revenue	Bowls Revenue	Bistro and function Revenue	Other Revenue	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2020</b>							
Revenue from contracts with customers	1,605,253	626,194	71,938	77,195	1,766,087	221,643	4,368,310
Other revenue (not covered by AASB15)	-	17,184	-	-	-	-	17,184
	<u>1,605,253</u>	<u>643,378</u>	<u>71,938</u>	<u>77,195</u>	<u>1,766,087</u>	<u>221,643</u>	<u>4,385,494</u>
<i>Timing of revenue recognition</i>							
At a point in time	1,605,253	643,378	-	77,195	1,766,087	221,643	4,313,556
Over time	-	-	71,938	-	-	-	71,938
	<u>1,605,253</u>	<u>643,378</u>	<u>71,938</u>	<u>77,195</u>	<u>1,766,087</u>	<u>221,643</u>	<u>4,385,494</u>

	Beverage Revenue	Gaming Revenue	Membership Revenue	Bowls Revenue	Bistro and function Revenue	Other Revenue	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2019</b>							
Revenue from contracts with customers	1,804,842	746,237	68,061	97,715	1,971,951	175,505	4,864,311
Other revenue (not covered by AASB15)	-	17,184	-	-	-	-	17,184
	<u>1,804,842</u>	<u>763,421</u>	<u>68,061</u>	<u>97,715</u>	<u>1,971,951</u>	<u>175,505</u>	<u>4,881,495</u>
<i>Timing of revenue recognition</i>							
At a point in time	1,804,842	763,421	-	97,715	1,971,951	175,505	4,813,434
Over time	-	-	68,061	-	-	-	68,061
	<u>1,804,842</u>	<u>763,421</u>	<u>68,061</u>	<u>97,715</u>	<u>1,971,951</u>	<u>175,505</u>	<u>4,881,495</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. Club vouchers issued). In determining the transaction price for the sale of goods, the Club considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

#### (i) Sale of goods - beverage

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

#### (ii) Provision of services - gaming income

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.

**Notes to the financial statements**

For the year ended 30 April 2020

**2 Revenue (continued)****(c) Accounting policies and significant judgements (continued)***(iii) Provision of services - membership income*

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.

*(iv) Provision of services - bowls revenue*

Bowls 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 the point the performance obligations have been satisfied.

*(iv) Sale of goods - bistro*

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

*(vi) Other revenue*

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

TAB and Keno: The contract is for the provision of gambling services to the member/non-member which are provided by TABCorp. In determining the performance obligations, consideration is required as to be given as to whether the Club is acting as the Principle or as an Agent in the supply of TAB and KENO facilities. We consider that given the service (Betting) is licensed to and is provided by TABCorp and the Club is only involved in arranging for TABCorp to provide these services then the Club is acting as an agent. The transaction price is the commission earned by the Club on the amounts wagered by customers. The commission earned is a percentage of the turnover as set out in the agreements between TABCorp and the Club. Revenue is recognised at a point in time being when the customer has placed a wager on TAB or Keno and the service is provided as the Agent.

Grant Funding: Grant funding is recognised at a point in time when the performance obligations within the funding agreement have been satisfied.

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

**3 Other income and expense items**

	2020 \$	2019 \$
<b>(a) Other income</b>		
Cashboost Stimulus Payments	50,000	-
Jobkeeper Payments	72,000	-
Interest Income	1,228	1,624
Gain on disposal of fixed assets	28,926	17,820
	<u>152,154</u>	<u>19,444</u>

*(i) Other income*

The Club recognises stimulus funding from the Australian Taxation Office when this is received as there is no specific performance obligation in relation to this funding. The Club recognises income from jobkeeper stimulus payments when these accrues. The Club is eligible for payment when eligible employees have been paid.

*(ii) Interest income*

Interest income is recognised on an accruals basis.

*(iii) Gain on disposal of fixed assets*

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.

**(b) Other expenses**

Employee benefits expense	1,534,744	1,553,412
Loss on disposal of property, plant & equipment	2,125	10
Interest costs	35,620	6,067

#### 4 Cash and cash equivalents

**Current**

Cash and cash equivalents	295,768	534,240
	<u>295,768</u>	<u>534,240</u>

**Accounting policy**

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

#### 5 Trade receivables

**Current**

Trade receivables	2,901	9,931
	<u>2,901</u>	<u>9,931</u>

**Accounting policy**

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

#### 6 Inventories

**Current**

Stock on hand at cost	44,468	72,562
	<u>44,468</u>	<u>72,562</u>

**Accounting policy**

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

#### 7 Financial assets at amortised cost

**Current**

Term deposits	-	150,000
Other receivables	98,498	4,188
	<u>98,498</u>	<u>154,188</u>

**Accounting policy**

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

#### 8 Other assets

**Current**

Prepayments	44,204	53,173
	<u>44,204</u>	<u>53,173</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 April 2020

**9 Property, plant and equipment**

	Capital WIP	Leasehold Improvements	Plant and Equipment	Poker Machines	Greens and Equipment	Total
	\$	\$	\$	\$	\$	\$
<b>Non-current assets</b>						
<b>At 1 May 2019</b>						
Cost	38,719	6,015,254	1,155,939	774,189	337,968	8,322,069
Accumulated depreciation	-	3,884,164	733,582	558,689	215,805	5,392,240
Net book amount	38,719	2,131,090	422,357	215,500	122,163	2,929,829
<b>Year ended 30 April 2020</b>						
Opening net book amount	38,719	2,131,090	422,357	215,500	122,163	2,929,829
Additions	-	1,108,735	66,549	94,880	75,968	1,346,132
Disposals	-	(1,602)	-	(35)	(3,466)	(5,103)
Transfers	(38,719)	38,719	-	-	-	-
Depreciation charge	-	(227,359)	(107,682)	(82,166)	(28,978)	(446,185)
Closing net book amount	-	3,049,583	381,224	228,179	165,687	3,824,673
<b>Year ended 30 April 2020</b>						
Cost	-	7,145,045	1,194,883	831,319	323,726	9,494,973
Accumulated depreciation	-	4,095,462	813,659	603,140	158,039	5,670,300
Net book amount	-	3,049,583	381,224	228,179	165,687	3,824,673

**Accounting policy****(a) Leasehold Improvements**

Leasehold improvements are carried at cost less any accumulated depreciation and any impairment in value.

**(b) Plant and equipment, greens and equipment, poker machines**

Each class of plant and equipment is 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 and Equipment	4 - 10 years
Poker Machines	3 - 5 years
Greens and Equipment	5 - 10 Years

**(d) Impairment**

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

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

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

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

Impairment losses are recognised in the statement of comprehensive income as a separate line item.

## 10 Intangible assets

	2020	2019
	\$	\$
	Poker machine entitlements	Total
	\$	\$
<b>Non-current assets</b>		
<b>As at 30 April 2019</b>		
Cost	73,166	73,166
Accumulated amortisation	-	-
Net book amount	<u>73,166</u>	<u>73,166</u>
<b>As at 30 April 2020</b>		
Cost	73,166	73,166
Accumulated amortisation	-	-
Net book amount	<u>73,166</u>	<u>73,166</u>

### Accounting policy

Poker machine entitlements are intangible assets acquired separately and are capitalised at cost, the useful lives of these intangible assets are assessed to be indefinite. These are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired.

The value shown for the poker machine entitlements, being their cost plus transaction costs, were tested for impairment having regard to the market value of such entitlements and the cash flow generated from holding these assets, with no impairment loss adjustment required.

## 11 Leases

The Club leases point-of-sale hardware and the land situated under the Club buildings and carpark.

### a) Right-of-use assets

#### Non-current

Right-of-use assets	<u>365,113</u>	-
---------------------	----------------	---

### Reconciliation of right-of-use assets

	Point of-sale			
	Hardware	Club Land	Total	Total
	\$	\$	\$	\$
At 1 May 2019	59,804	331,064	390,868	-
Additions	-	-	-	-
Amortisation	11,961	13,794	25,755	-
<b>30 April 2020</b>	<u>47,843</u>	<u>317,270</u>	<u>365,113</u>	<u>-</u>

### b) Lease liabilities

#### Current

Lease liabilities	12,468	7,687	20,155	-
-------------------	--------	-------	--------	---

#### Non-current

Lease liabilities	35,270	265,969	301,239	-
-------------------	--------	---------	---------	---

#### Total

	<u>47,738</u>	<u>273,656</u>	<u>321,394</u>	<u>-</u>
--	---------------	----------------	----------------	----------

### Reconciliation of lease liabilities

	Point of-sale			
	Hardware	Club Land	Total	Total
	\$	\$	\$	\$
At 1 May 2019	59,804	281,064	340,868	-
Additions	-	-	-	-
Interest expense	1,996	10,592	12,588	-
Lease payments	(14,062)	(18,000)	(32,062)	-
<b>Net movement during year 30 April 2020</b>	<u>47,738</u>	<u>273,656</u>	<u>321,394</u>	<u>-</u>

**Notes to the financial statements**

For the year ended 30 April 2020

**11 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 4.16%.

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

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

**Reconciliation of lease liabilities at 30 April 2019**

Operating lease commitments as at 30 April 2019	
Add: Items now within the scope of AASB 16	
Less: Items not within the scope of AASB 16	
Gross lease liabilities as at 30 April 2019	
Discounting	
<b>Lease liabilities as a result of the initial application of AASB 16</b>	

<b>Point-of-sale</b>		
<b>Hardware</b>	<b>Club Land</b>	<b>Total</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>
26,114	616,250	642,364
39,508	-	39,508
-	(184,250)	(184,250)
<u>65,622</u>	<u>432,000</u>	<u>497,622</u>
5,818	150,936	156,754
<u>59,804</u>	<u>281,064</u>	<u>340,868</u>

**12 Trade and other payables****Current**

Trade payables

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
	134,551	268,550
	<u>134,551</u>	<u>268,550</u>

**Accounting policy**

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

**13 Financial liabilities****Current**

Bank loans (i)

Total secured financial liabilities

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
	-	50,000
	<u>-</u>	<u>50,000</u>

**Non-current***Secured*

Bank loans (i)

Total secured financial liabilities

	735,000	-
	<u>735,000</u>	<u>-</u>

### 13 Financial liabilities (continued)

(i) *Secured liabilities*

The above loan is secured by registered mortgage debenture over the whole of the Club's assets, and mortgage over the lease given by Valentine Bowling Club over the premises, with an unused financing facility of \$255,000.

**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 non-current liabilities if the Club has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

### 14 Provisions

	2020	2019
	\$	\$
<b>Current</b>		
Employee entitlements (i) & (ii)	100,679	104,515
	<u>100,679</u>	<u>104,515</u>
<b>Non-current</b>		
Provision for make good (iii)	50,000	-
Employee entitlements (ii)	42,576	35,781
	<u>92,576</u>	<u>35,781</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.

(iii) *Provision for Make Good*

The Club (lessee) is required to restore the leased premises which it occupies at the end of the lease term to the condition at the beginning of the lease subject to fair wear and tear. A provision has been recognised for the estimated expenditure required to meet the requirements of the lease in relation to "make good". These costs have been included in the calculation of the right-of-use assets and are amortised over the term of the lease.

### 15 Other liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Contract liabilities - grant funding	-	45,512
Contract liabilities - membership income	16,757	40,445
Contract liabilities - function income	20,305	15,940
Other liabilities - money held for internal clubs	27,540	26,011
Other liabilities - points and vouchers	5,335	5,561
Other liabilities - gaming tax rebate	1,423	1,428
	<u>71,360</u>	<u>134,897</u>
<b>Non-current</b>		
Contract liabilities - membership income	32,510	30,618
	<u>32,510</u>	<u>30,618</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.

Valentine Bowling Club Co-Operative Limited  
**Notes to the financial statements**  
For the year ended 30 April 2020

**16 Reserves**

	General \$	Total \$
<b>Balance at 1 May 2019</b>	1,271	1,271
Changes to reserves	-	-
<b>Balance at 30 April 2020</b>	<u>1,271</u>	<u>1,271</u>

(i) *Nature and purpose of reserves*

*General reserve*

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

**17 Commitments**

	2020 \$	2019 \$
(i) <i>Capital Commitments</i>		
Poker machines	-	21,000
Shades	-	60,702
Audio equipment	-	4,074
Stage 2 clubhouse renovations - original contract	-	1,056,677
Stage 2 clubhouse renovations - audio visual upgrades	-	49,654
Stage 2 clubhouse renovations - air-conditioner variations	-	39,303
Stage 2 clubhouse renovations - other variations	-	93,628
	<u>-</u>	<u>1,325,038</u>

**18 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*

	2020 \$	2019 \$
Total key management personnel benefits	<u>116,412</u>	<u>110,552</u>

**19 Critical accounting estimates and judgements**

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

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

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

- Estimation of useful lives of non-current assets (notes 9, 10 and 11) - The useful life of property, plant and equipment and right-of-use assets (where useful life is greater than the lease term) is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence. The useful life of poker machine entitlements classified as an intangible asset has been assessed as indefinite. There is uncertainty in relation to this assumption as it is based on current legislation and conditions attached to the entitlements. The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.
- Estimation of provision for make good (note 14) - there is estimation uncertainty in relation to a number of components when assessing the measurement of the provision for make good including but not limited to the condition required to restore the premises to, the extent of assets required to be removed and the timing of the cash outflows to satisfy these. The current measurement of the provision for make good represents the Club's best estimate of these components.

## Directors' declaration

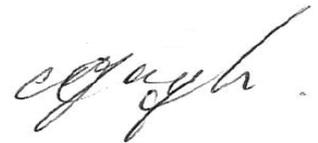
### In the Directors' opinion:

- the financial statements and notes set out on pages 7 to 20 are in accordance with the Co-operatives National Law (NSW), including:
- (a) including:
    - (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, and the Co-operatives National Regulations (NSW) 2014.
    - (ii) giving a true and fair view of the Club's financial position as at 30 April 2020 and of its performance for the financial year ended on that date, and
  - (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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



Edward Elks - Director



Colin Taylor - Director

Valentine, NSW  
29 June 2020

## **Independent auditor's report to the members of Valentine Bowling Club Co-Operative Limited**

### **Opinion**

We have audited the financial report of Valentine Bowling Club Co-Operative Limited (the Club) which comprises the statement of financial position as at 30 April 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- (i) giving a true and fair view of the Clubs financial position as at 30 April 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements, and the Co-operatives National Regulations (NSW) 2014.

### **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Club in accordance with the auditor independence requirements of the 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 Co-operatives National Law (NSW) and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

**Matters relating to the electronic presentation of the audited financial report**

The auditor's report relates to the financial report of the Club for the year ended 30 April 2020 included on the Club's web site. The Club's Directors are responsible for the integrity of the Club's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

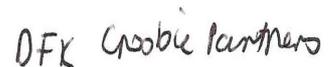
**Auditor's responsibilities for the audit of the financial report**

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

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



Kirsty Porteous - Partner



DFK Crosbie Partners  
Chartered Accountants

29 June 2020  
Newcastle West, NSW