



**Lemon Tree Passage Bowling
Club Co-Operative Limited**

ABN 84 570 698 446

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

Lemon Tree Passage Bowling Club Co-Operative Limited ABN 84 570 698 446

Annual financial report for the year ended 30 June 2021

Contents

	Page
Directors' report	3 - 5
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 - 20
Directors' declaration	21
Independent auditor's report to the members	22 - 23

These financial statements are the financial statements of Lemon Tree Passage 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 26 November 2021. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Lemon Tree Passage Bowling Club Co-Operative Limited (the Club) for the year ended 30 June 202

Directors details

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

Mr Kevin Colman

President, member finance committee
Director since 2006
Retired

Mr Carl Rumph

Director, member finance committee
Director since 2008
Retired

Mr William Vidal

Vice - President, member finance committee
Director since 2008
Retired

Mr Allan Perkins

Director
Director since 2011
Retired

Mr Greg Patteson

Director
Director since 2017
Retired

Mr Darren Neville

Director
Director since 2019
Retired

Mr David Salerno

Director
Director since 2019 Resigned December 2020
Self employed

Mr Danny Howard

Director - Casual vacancy
Director since 2021
Regional Account Manager

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 Kevin Colman	12	11
Mr Carl Rumph	12	12
Mr William Vidal	12	12
Mr Allan Perkins	12	11
Mr Greg Patteson	12	10
Mr Darren Neville	12	12
Mr Danny Howard	4	4
Mr David Salerno	6	4

Where:

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

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 30 June 2021, the following land and buildings are considered to be core and non-core property:

Core - Licensed Club, Carpark and Bowling Greens encompassing 23 Kenneth Parade and Lot 170 Gould Drive Lemon Tree Passage.

Non-Core

- The rental property situated at 1 Kenneth Parade, Lemon Tree Passage
- The land situated at 18-24 Gould Drive, Lemon Tree Passage
- The land situated at 25 Kenneth Parade, Lemon Tree Passage
- The land situated at 53-57 Meredith Avenue, Lemon Tree Passage

Principal activities

During the year, the principal activities of the Club were to run the Club 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.

Director's report (continued)

Review of operations and financial results

The Club achieved a significant improvement in results for the year compared to the prior year as a result of increased trading across all areas. The Club traded for the full 12 months in the current year compared to 10 months (with 1 of these months having tight restrictions on trade) where they received government stimulus support which continued into the first quarter of the current financial year.

	2021	2020
	\$	\$
Revenue	4,408,885	3,531,236
Expenses	(3,866,643)	(3,661,006)
Profit before income tax	<u>542,242</u>	<u>(129,770)</u>
Income tax	-	-
Net profit/(loss)	<u>542,242</u>	<u>(129,770)</u>
Operating cash profit	<u>944,893</u>	<u>321,372</u>

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 bar and gaming. The Club also uses EBITDA to measure the financial performance of the Club overall.

Significant changes in state of affairs

No significant changes in the Club's state of affairs occurred during the financial year other than the easing of restrictions first imposed in March 2020 as a result of the COVID-19 pandemic.

Events since the end of the financial year

From 5 August 2021 the Club was required to close again due to lockdowns imposed as a result of the COVID-19 pandemic. The Club focused on controlling costs throughout the period of closure until it was able to recommence trading from 11 October 2021.

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

Likely developments and expected results of operations

The Club expects to gradually increase its level of operations over the coming months in line with the Governments announced plans to gradually reduce restriction imposed as a result of the COVID-19 Pandemic.

Environmental regulation

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

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.

Director's report (continued)

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.



Kevin Colman - President



William Vidal - Vice President

Dated: 26 November 2021

Auditor's independence declaration

To the Directors of Lemon Tree Passage Bowling Club Co-Operative Limited

In accordance with the requirements of Co-operatives National Regulations (NSW) 2014, as lead auditor for the audit of Lemon Tree Passage Bowling Club Co-Operative Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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



Kirsty Porteous - Partner



Pitcher Partners NH Partnership
Chartered Accountants

Dated: 26 November 2021
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

		2021	2020
	Notes	\$	\$
Revenue from continuing operations	2	4,053,351	3,291,046
Other Income	3	355,534	240,190
Food and beverage cost of goods sold		(439,554)	(389,255)
Food and beverage direct expenses		(423,147)	(452,436)
Coffee shop cost of goods sold		(14,707)	(22,564)
Poker machine direct expenses		(776,259)	(761,102)
Paper gaming expenses		(137,463)	(91,567)
Bowling operation direct expenses		(122,615)	(126,628)
Finance costs		(29,260)	(22,574)
Members amenities		(477,001)	(403,287)
Clubhouse operations		(646,483)	(645,007)
Administration expenses		(800,154)	(746,586)
		(3,866,643)	(3,661,006)
Profit / (loss) before income tax		542,242	(129,770)
Income tax expense		-	-
Profit / (loss) for the year		542,242	(129,770)
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		542,242	(129,770)

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

Statement of financial position

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,031,189	355,192
Inventories	5	29,396	27,944
Financial assets at amortised cost	6	209,890	288,838
Other assets	7	42,084	49,815
Total current assets		1,312,559	721,789
Non-current assets			
Property, plant and equipment	8	3,568,280	3,816,592
Investment properties	9	475,000	405,000
Intangible assets	10	36,000	36,000
Right-of-use asset	11	96,675	122,455
Total non-current assets		4,175,955	4,380,047
Total assets		5,488,514	5,101,836
LIABILITIES			
Current liabilities			
Trade and other payables	12	405,827	457,241
Financial liabilities	13	159,959	140,673
Provisions	14	125,043	127,291
Other liabilities	15	16,934	6,909
Lease liabilities	11	26,814	25,265
Total current liabilities		734,577	757,379
Non-current liabilities			
Financial liabilities	13	128,950	248,897
Provisions	14	17,849	16,731
Other liabilities	15	13,275	2,395
Lease liabilities	11	71,371	96,183
Total non-current liabilities		231,445	364,206
Total liabilities		966,022	1,121,585
Net assets		4,522,492	3,980,251
MEMBERS FUNDS			
Reserves		9,783	9,783
Retained profits		4,512,709	3,970,468
Total members funds		4,522,492	3,980,251

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 June 2021

	Reserves	Accumulated Profits	Total
	\$	\$	\$
Balance at 1 July 2019	9,783	4,100,238	4,110,021
Profit for the year	-	(129,770)	(129,770)
Total comprehensive income for the year	-	(129,770)	(129,770)
Balance at 30 June 2020	9,783	3,970,468	3,980,251
Profit for the year	-	542,242	542,242
Total comprehensive income for the year	-	542,242	542,242
Balance at 30 June 2021	9,783	4,512,709	4,522,492

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

Statement of cash flows

For the year ended 30 June 2021

Notes	2021 \$	2020 \$
Cash flows from operating activities		
Receipts from members and customers	4,532,586	3,642,944
Payments to suppliers and employees	(3,866,906)	(3,408,022)
Government payments received	306,814	105,572
Interest received	1,659	3,452
Interest paid	(29,260)	(22,574)
Net cash inflow (outflow) from operating activities	944,893	321,372
Cash flows from investing activities		
Payments for property, plant and equipment	(149,034)	(157,099)
Proceeds from sale of property, plant and equipment	6,050	25,100
Transfer to/from interest bearing deposit	(1,987)	(2,572)
Net cash inflow (outflow) from investing activities	(144,971)	(134,571)
Cash flows from financing activities		
Proceeds from borrowings	81,056	276,298
Repayment of borrowings	(181,719)	(278,314)
Repayment of lease liabilities	(23,263)	(7,452)
Net cash inflow (outflow) from financing activities	(123,925)	(9,468)
Net increase in cash and cash equivalents	675,997	177,333
Cash and cash equivalents at the beginning of the financial year	355,192	177,859
Cash and cash equivalents at the end of the financial year	1,031,189	355,192

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

Notes to the financial statements

For the year ended 30 June 2021

1 Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Co-operatives National Regulations (NSW) 2014. Lemon Tree Passage Bowling Club Co-Operative Limited (the Club) is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

(b) Statement of compliance

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

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

(c) Income Taxes

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

(d) Goods and Services Tax

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

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

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

(e) Rounding of amounts

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

(f) Going concern basis of preparation

The going concern basis assumes the continuity of normal business operations, that is, the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Club was required to close again from 5 August 2021 due to lockdowns imposed as a result of the COVID 19 pandemic. The Club has since been permitted to re-open from 11 October 2021, subject to some trading restrictions.

Despite this, the Directors and management have assessed that the use of the going concern basis of preparation is still appropriate. The Directors make reference to the following:

- (a) The Club has a cash balance at 30 June 2021 of \$1,031,189 with a further \$154,560 in term deposits.
- (b) The Club has a positive working capital at 30 June 2021 of \$577,981, and access to unused debt facilities.
- (c) The Club generated positive net operating cashflows of \$944,893 and a profit of \$542,241 during the current year.
- (d) During the lockdown period the Club was able to control costs where possible and applied and received financial assistance under the Jobsaver Scheme.
- (e) The Club had sufficient cash reserves to meet the costs during the period of the lockdown.
- (f) The Club expects that since reopening on 11 October 2021 and the continuous lifting of restrictions, it will be able to return to generating positive operating cashflows and overall net profit.

Notes to the financial statements

For the year ended 30 June 2021

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

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

	Food and beverage revenue	Bowling revenue	Membership revenue	Raffle and bingo revenue	Gaming revenue	Other revenue	Total
2021	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	1,106,125	24,370	14,404	200,491	2,611,104	61,722	4,018,216
Other revenue (not covered by AASB15)	-	-	-	-	17,180	17,955	35,134
	<u>1,106,125</u>	<u>24,370</u>	<u>14,404</u>	<u>200,491</u>	<u>2,628,284</u>	<u>79,677</u>	<u>4,053,351</u>

Timing of revenue recognition

At a point in time	1,106,125	24,370	-	200,491	2,628,284	79,677	4,038,947
Over time	-	-	14,404	-	-	-	14,404
	<u>1,106,125</u>	<u>24,370</u>	<u>14,404</u>	<u>200,491</u>	<u>2,628,284</u>	<u>79,677</u>	<u>4,053,351</u>

	Food and beverage revenue	Bowling revenue	Membership revenue	Raffle and bingo revenue	Gaming revenue	Other revenue	Total
2020	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	1,025,024	18,062	25,539	132,329	1,985,975	61,716	3,248,645
Other revenue (not covered by AASB15)	-	-	-	-	17,180	25,221	42,401
	<u>1,025,024</u>	<u>18,062</u>	<u>25,539</u>	<u>132,329</u>	<u>2,003,155</u>	<u>86,937</u>	<u>3,291,046</u>

Timing of revenue recognition

At a point in time	1,025,024	16,999	-	132,329	2,003,155	86,937	3,264,444
Over time	-	1,063	25,539	-	-	-	26,602
	<u>1,025,024</u>	<u>18,062</u>	<u>25,539</u>	<u>132,329</u>	<u>2,003,155</u>	<u>86,937</u>	<u>3,291,046</u>

Notes to the financial statements

For the year ended 30 June 2021

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

(ii) *Provision of services - bowling revenue*

Bowling revenue comprises green 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.

(iii) *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.

(iv) *Provision of services - raffle and bingo revenue*

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

(v) *Provision of services - Gaming Revenue*

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

(vi) *Other Revenue*

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

Notes to the financial statements

For the year ended 30 June 2021

3 Other income and expense items

	Notes	2021 \$	2020 \$
(a) Other income			
Rental income - investment property		15,145	14,809
Government stimulus payment - cashflow boost		37,500	62,500
Government stimulus payment - jobkeeper		143,386	159,429
Interest Income		1,659	3,452
Insurance Proceeds		87,844	-
Change in Fair Value of Investment Property	9	70,000	-
		<u>355,534</u>	<u>240,190</u>

(i) Rental Income

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

(ii) Government Stimulus Income

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

(iii) Other income

The Club recognises other income when it becomes receivable.

(iv) Interest income

Interest income is recognised on an accruals basis.

(b) Other expenses

Employee Benefits Expense		1,044,141	946,755
Loss on disposal of Assets		-	20,444
Interest costs		29,260	22,574
Depreciation		450,165	487,266

4 Cash and cash equivalents**Current**

Cash and Cash Equivalents		1,031,189	355,192
		<u>1,031,189</u>	<u>355,192</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.

5 Inventories**Current**

Stock on hand - bar		29,396	27,944
		<u>29,396</u>	<u>27,944</u>

Accounting policy

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

6 Financial assets at amortised cost**Current**

Term deposits		154,560	152,572
Other receivables		55,330	136,266
		<u>209,890</u>	<u>288,838</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.

Notes to the financial statements

For the year ended 30 June 2021

7 Other assets

	2021	2020
	\$	\$
Current		
Prepayments	42,084	49,815
	<u>42,084</u>	<u>49,815</u>

Accounting policy

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

8 Property, plant and equipment

	Land and buildings and improvements	Plant and equipment	Poker machines	Capital WIP	Total
	\$	\$	\$	\$	\$
Non-current assets					
At 1 July 2020					
Cost	5,329,427	2,022,355	2,029,536	113,560	9,494,878
Accumulated depreciation	(2,334,773)	(1,609,237)	(1,734,276)	-	(5,678,286)
Net book amount	<u>2,994,654</u>	<u>413,118</u>	<u>295,260</u>	<u>113,560</u>	<u>3,816,592</u>
Year ended 30 June 2021					
Opening net book amount	2,994,654	413,118	295,260	113,560	3,816,592
Additions	116,760	121,155	57,595	-	295,510
Disposals	-	(5,877)	-	(113,560)	(119,437)
Depreciation charge	(162,154)	(93,703)	(168,528)	-	(424,385)
Closing net book amount	<u>2,949,260</u>	<u>434,693</u>	<u>184,327</u>	<u>-</u>	<u>3,568,280</u>
At 30 June 2021					
Cost	5,446,188	2,137,437	2,060,732	-	9,644,357
Accumulated depreciation	(2,496,928)	(1,702,744)	(1,876,405)	-	(6,076,077)
Net book amount	<u>2,949,260</u>	<u>434,693</u>	<u>184,327</u>	<u>-</u>	<u>3,568,280</u>

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

Freehold land and buildings are held at cost less any accumulated depreciation and any impairment in 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:

Buildings and improvements	5 - 50 years
Plant & Equipment	2 - 20 years
Poker Machines	3 - 5 years

(d) Impairment

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

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

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

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

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

Notes to the financial statements

For the year ended 30 June 2021

9 Investment properties

	2021	2020
	\$	\$
Non-current assets - at fair value		
Opening balance at 1 July	405,000	405,000
Net gain / (loss) from fair value adjustment	70,000	-
Closing balance at 30 June	<u>475,000</u>	<u>405,000</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.

To obtain the fair value, an independent valuation is obtained by the Club from an external real estate agent. A market appraisal was performed by Kalah McIntosh of Coastal Real Estate and Management as at 5 August 2021. The real estate agent frequently assesses 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. 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 derecognition of an investment property are recognised in the statement of profit or loss and other comprehensive income in that year.

10 Intangible assets

	Poker machine entitlements	Total
	\$	\$
Non-current assets		
As at 30 June 2020		
Cost	36,000	36,000
Accumulated amortisation	-	-
Net book amount	<u>36,000</u>	<u>36,000</u>
Year ended 30 June 2021		
Opening net book amount	36,000	36,000
Additions	-	-
Amortisation charge	-	-
Disposals	-	-
Closing net book amount	<u>36,000</u>	<u>36,000</u>
As at 30 June 2021		
Cost	36,000	36,000
Accumulated amortisation	-	-
Net book amount	<u>36,000</u>	<u>36,000</u>

Accounting policy

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

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

Notes to the financial statements

For the year ended 30 June 2021

11 Leases

The Club leases equipment being senpos tills.

a) Right-of-use asset**Non-current**

Right-of-use assets

2021

\$

2020

\$

96,675

122,455

Reconciliation of right-of-use assets**2021**

At 1 July 2020

Additions

Amortisation

30 June 2021**Plant &
Equipment****\$**

122,455

-

(25,780)

96,675

2021**\$**

122,455

-

(25,780)

96,675

2020**\$**

-

128,900

(6,445)

122,455

b) Lease liabilities**Current**

Lease liabilities

Non-current

Lease liabilities

Total

26,814

26,814

25,265

71,371

71,371

96,183

98,185

98,185

121,448

Reconciliation of lease liabilities**2020**

At 1 July 2020

Additions

Interest expense

Lease payments

Net movement during year**30 June 2021****Plant &
Equipment****\$**

121,448

-

6,616

(29,880)

98,184

98,184

2021**\$**

121,448

-

6,616

(29,880)

98,184

98,184

2020**\$**

-

128,900

2,508

(9,960)

121,448

121,448

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 6%.

Notes to the financial statements

For the year ended 30 June 2021

11 Leases (continued)

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.

12 Trade and other payables

	2021	2020
	\$	\$
Current		
Trade payables	264,386	245,883
Other payables and accruals	59,059	157,286
GST payable	82,382	54,072
	405,827	457,241

Accounting policy

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

13 Financial liabilities**Current***Secured*

Bank loans (i)	128,880	87,258
Other loans (ii)	31,079	53,415
Total secured financial liabilities	159,959	140,673

Non-current*Secured*

Bank loans	128,950	242,847
Other loans (ii)	-	6,050
Total secured financial liabilities	128,950	248,897

(i) Secured liabilities

The above loans and lines of credit are secured by the NAB Bank by the following:

- a fixed and floating charge over the present and future rights, property and undertakings of the Club.
- a registered mortgage is held over the following properties:-
 - 23 and 25 Kenneth Parade and Gould Drive properties, Lemon Tree Passage NSW.
 - Lot 170 Gould Drive, Lemon Tree Passage NSW.
 - 57 Meredith Avenue, Lemon Tree Passage NSW.
 - 18,20,22 and 24 Gould Drive properties, Lemon Tree Passage NSW.
 - 53 and 55 Meredith Avenue properties, Lemon Tree Passage NSW.

(ii) Other secured liabilities

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

Notes to the financial statements

For the year ended 30 June 2021

13 Financial liabilities (continued)**Accounting policy**

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

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

14 Provisions

	2021	2020
	\$	\$
Current		
Employee entitlements (i) & (ii)	119,162	122,004
Jackpots	5,881	5,287
	<u>125,043</u>	<u>127,291</u>
Non-current		
Employee entitlements (ii)	17,849	16,731
	<u>17,849</u>	<u>16,731</u>

Accounting policy**(i) Annual leave**

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

(ii) Long service leave

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

15 Other liabilities

	2021	2020
	\$	\$
Current		
Contract liabilities - membership income	14,534	6,909
Other liabilities	2,400	-
	<u>16,934</u>	<u>6,909</u>
Non-current		
Contract Liabilities - membership income	13,275	2,395
	<u>13,275</u>	<u>2,395</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.

16 Reserves

	Asset revaluation	Total
	\$	\$
Balance at 30 June 2021	<u>9,783</u>	<u>9,783</u>

17 Commitments

	2021	2020
	\$	\$
Commitments for capital or other expenditure:		
Fire panel replacement	-	25,840
Airconditioning System	-	21,764
	<u>-</u>	<u>47,604</u>

There are no commitments in the current financial year.

Notes to the financial statements

For the year ended 30 June 2021

	2021 \$	2020 \$
18 Contingent liabilities		
Bank guarantee substituting for a security deposit for TAB facilities	5,000	5,000

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	2021 \$	2020 \$
Total key management personnel benefits	148,216	120,547
Total transactions with related parties	148,216	120,547

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 8, 9, 10, 11(a)) - The useful life of property, plant and equipment and right-of-use assets (where useful life is greater than the lease term) is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence. The useful life of poker machine entitlements classified as an intangible asset has been assessed as indefinite. There is uncertainty in relation to this assumption as it is based on current legislation and conditions attached to the entitlements. The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.
- Estimated fair value of investment properties (note 9) - the fair value of investment properties is estimated at each reporting date, based on independent assessments of the market value of the properties and the best available knowledge of current market prices. Estimation uncertainty exists and is related to the various assumptions used in determining the fair value.

21 Subsequent events

From 5 August 2021 the Club was required to close again due to lockdowns imposed as a result of the COVID-19 pandemic. The Club has since reopened from 11 October 2021 with trading restrictions in place. The Club is controlling costs where possible and was also eligible for government funding via the jobsaver program during the shutdown period.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 20 are in accordance with the Co-operatives National Law (NSW) 2014, 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 June 2021 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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



Kevin Colman - President



William Vidal - Vice President

Lemon Tree Passage
26 November 2021

Independent auditor's report to the members of Lemon Tree Passage Bowling Club Co-Operative Limited

Opinion

We have audited the financial report of Lemon Tree Passage Bowling Club Co-Operative Limited (the Club) which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Club is in accordance with the Co-operatives National Law (NSW) 2014 including:

- (i) giving a true and fair view of the Clubs financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) comply with Australian Accounting Standards - Reduced Disclosure Requirements, and the Co-operatives National Regulations (NSW) 2014.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Club in accordance with the auditor independence requirements of the Co-operatives National Regulations (NSW) 2014 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Directors for the financial report

The Directors of the Club are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Co-operatives National Regulations (NSW) 2014 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.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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NETWORK MEMBER

www.pitchernewcastle.com.au

Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Club for the year ended 30 June 2021 included on the Club's web site. The Club's Directors are responsible for the integrity of the Club's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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.



Kirsty Porteous - Partner



Pitcher Partners NH Partnership
Chartered Accountants

26 November 2021
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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