



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

ABN 84 570 698 446

**Annual Financial Report
for the year ended 30 June 2023**

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

Annual financial report for the year ended 30 June 2023

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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 29 September 2023. The Directors have the power to amend and reissue the financial statements.

Directors' report

Your Directors present their report on Lemon Tree Passage Bowling Club Co-Operative Limited (the Club) for the year ended 30 June 2023.

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
Director since 2006
Retired

Mr William Vidal
Vice President
Director since 2008
Retired

Mr Carl Rumph
Director
Director since 2008

Retired

Mr Trevor Glasbey
Director
Director since 2022, appointed November 2022
Chemist

Mr Greg Patteson
Director
Director since 2017
Retired

Mr Darren Neville
Director
Director since 2019
Retired

Ms Lisa Davies
Director
Director since 2022
Match Committee member Lemon Tree Passage ladies bowls

Mr Allan Perkins
Director
Director since 2011, resigned October 2022
Retired

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	9	9	
Mr Carl Rumph	9	9	
Mr William Vidal	9	9	
Mr Greg Patteson	9	8	
Mr Darren Neville	9	8	
Ms Lisa Davies	9	9	
Mr Trevor Glasbey	Appointed November 2022	5	5
Mr Allan Perkins	Resigned October 2022	4	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 2023, 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.

Directors' report (continued)

Review of operations and financial results

The profit achieved for the year was \$314,047 (2022 \$200,650). The improved profitability reflects the increase in revenues and activities across all areas of operations with the Club being fully operational during the current year. The prior year was impacted by COVID-19 lockdowns.

	2023	2022
	\$	\$
Revenue	4,426,411	3,637,390
Expenses	(4,112,364)	(3,436,740)
Profit before income tax	<u>314,047</u>	<u>200,650</u>
Income tax	-	-
Net profit/(loss)	<u>314,047</u>	<u>200,650</u>
Operating cash flows	<u>652,786</u>	<u>508,308</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.

Events since the end of the financial year

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 continue to improve its financial performance and continue to provide quality facilities and services for members and guests.

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.

Directors' report (continued)

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Co-operatives National Law (NSW) 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: 29 September 2023
Lemon Tree Passage, NSW

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 Law (NSW), as lead auditor for the audit of Lemon Tree Passage Bowling Club Co-Operative Limited for the year ended 30 June 2023, 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 Law (NSW) 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: 29 September 2023
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 2023

		2023	2022
	Notes	\$	\$
Revenue from continuing operations	2	4,390,438	3,421,893
Other Income	3	35,973	215,497
Food and beverage cost of goods sold		(449,654)	(333,807)
Food and beverage direct expenses		(386,355)	(329,533)
Coffee shop cost of goods sold		(9,909)	(17,989)
Poker machine direct expenses		(749,561)	(586,723)
Paper gaming expenses		(182,854)	(116,739)
Bowling operation direct expenses		(136,960)	(113,356)
Finance costs		(22,806)	(20,997)
Members amenities		(608,446)	(461,829)
Clubhouse operations		(702,446)	(622,436)
Administration expenses		(863,373)	(833,331)
		(4,112,364)	(3,436,740)
Profit / (loss) before income tax		314,047	200,650
Income tax expense		-	-
Profit / (loss) for the year		314,047	200,650
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		314,047	200,650

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 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,445,117	1,295,044
Trade receivables	5	41,500	42,641
Inventories	6	29,967	28,564
Financial assets at amortised cost	7	173,773	151,935
Other assets	8	52,213	52,911
Total current assets		1,742,570	1,571,095
Non-current assets			
Property, plant and equipment	9	3,315,890	3,402,808
Investment properties	10	570,000	570,000
Intangible assets	11	36,000	36,000
Lease assets	12	42,703	70,895
Total non-current assets		3,964,593	4,079,703
Total assets		5,707,163	5,650,798
LIABILITIES			
Current liabilities			
Trade and other payables	13	304,665	397,053
Financial liabilities	14	10,541	130,372
Provisions	15	130,988	137,228
Other liabilities	16	22,653	25,796
Lease liabilities	12	25,234	28,459
Total current liabilities		494,081	718,908
Non-current liabilities			
Financial liabilities	14	126,332	128,578
Provisions	15	14,837	7,149
Other liabilities	16	16,934	27,984
Lease liabilities	12	17,790	45,037
Total non-current liabilities		175,893	208,748
Total liabilities		669,974	927,656
Net assets		5,037,189	4,723,142
MEMBERS FUNDS			
Reserves		9,783	9,783
Retained profits		5,027,406	4,713,359
Total members funds		5,037,189	4,723,142

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 2023

	Reserves	Accumulated Profits	Total
	\$	\$	\$
Balance at 1 July 2021	9,783	4,512,709	4,522,492
Profit for the year	-	200,650	200,650
Total comprehensive income for the year	-	200,650	200,650
Balance at 30 June 2022	9,783	4,713,359	4,723,142
Profit for the year	-	314,047	314,047
Total comprehensive income for the year	-	314,047	314,047
Balance at 30 June 2023	9,783	5,027,406	5,037,189

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 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from members and customers		4,807,398	3,855,350
Payments to suppliers and employees		(4,134,968)	(3,421,503)
Government stimulus received		-	92,730
Interest received		3,162	2,728
Interest paid		(22,806)	(20,997)
Net cash inflow (outflow) from operating activities		652,786	508,308
Cash flows from investing activities			
Payments for property, plant and equipment		(363,170)	(229,099)
Proceeds from sale of property, plant and equipment		11,000	11,000
Transfer from / (to) interest bearing deposit		(3,165)	(636)
Net cash inflow (outflow) from investing activities		(355,335)	(218,735)
Cash flows from financing activities			
Proceeds from borrowings		-	130,000
Repayments of borrowings		(122,077)	(151,639)
Repayment of lease liabilities		(25,301)	(24,689)
Net cash inflow (outflow) from financing activities		(147,378)	(46,328)
Net increase in cash and cash equivalents		150,073	243,245
Cash and cash equivalents at the beginning of the financial year	4	1,295,044	1,051,799
Cash and cash equivalents at the end of the financial year	4	1,445,117	1,295,044

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 2023

1 Summary of significant accounting policies

(a) Information about the entity

- Lemon Tree Passage Bowling Club Co-Operative Limited is a co-operative with no share capital.
- Lemon Tree Passage Bowling Club Co-Operative Limited is a not for profit entity for the purpose of preparing the financial report.
- The registered office of the Co-operative is 23 Gould Drive, Lemon Tree Passage, NSW 2319.
- The principal place of business of the Co-operative is 23 Gould Drive, Lemon Tree Passage, NSW 2319.

(b) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures and the Co-operatives National Law (NSW).

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

(c) Statement of compliance

This financial report complies with AASB 1060 *General Purpose Financial Statements - Simplified Disclosures* for For-Profit and Not-for Profit Tier 2 Entities as issued by the Australian Accounting Standards Board (AASB).

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

(d) Income Taxes

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

(e) Goods and Services Tax

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

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

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

(f) Rounding of amounts

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

(g) Comparative information

Comparative information has been adjusted to reflect current year disclosures where applicable.

Notes to the financial statements

For the year ended 30 June 2023

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
2023	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	1,204,129	23,424	27,822	251,640	2,729,603	122,415	4,359,033
Other revenue (not covered by AASB15)	-	-	-	-	17,180	14,225	31,405
	<u>1,204,129</u>	<u>23,424</u>	<u>27,822</u>	<u>251,640</u>	<u>2,746,783</u>	<u>136,640</u>	<u>4,390,438</u>

Timing of revenue recognition

At a point in time	1,204,129	23,424	-	251,640	2,746,783	136,640	4,362,616
Over time	-	-	27,822	-	-	-	27,822
	<u>1,204,129</u>	<u>23,424</u>	<u>27,822</u>	<u>251,640</u>	<u>2,746,783</u>	<u>136,640</u>	<u>4,390,438</u>

	Food and beverage revenue	Bowling revenue	Membership revenue	Raffle and bingo revenue	Gaming revenue	Other revenue	Total
2022	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	926,518	22,099	19,272	185,468	2,176,916	56,183	3,386,456
Other revenue (not covered by AASB15)	-	-	-	-	17,180	18,257	35,437
	<u>926,518</u>	<u>22,099</u>	<u>19,272</u>	<u>185,468</u>	<u>2,194,096</u>	<u>74,440</u>	<u>3,421,893</u>

Timing of revenue recognition

At a point in time	926,518	22,099	-	185,468	2,194,096	74,440	3,402,621
Over time	-	-	19,272	-	-	-	19,272
	<u>926,518</u>	<u>22,099</u>	<u>19,272</u>	<u>185,468</u>	<u>2,194,096</u>	<u>74,440</u>	<u>3,421,893</u>

(b) 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.

Fee receipts for periods beyond the current financial year are shown in the Statement of Financial Position under the heading of Current Liabilities as Other liabilities.

Notes to the financial statements

For the year ended 30 June 2023

2 Revenue (continued)**(b) Accounting policies and significant judgements (continued)***(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.

3 Other income and expense items

	2023	2022
	\$	\$
(a) Other income		
Rental income - investment property	16,640	14,039
Government stimulus payment - JobSaver	-	92,730
Interest income	3,162	2,728
Gain on disposal of assets	16,171	11,000
Change in fair value of investment property	-	95,000
	<u>35,973</u>	<u>215,497</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 Revenues NSW when it is considered to be receivable.

(iii) Interest income

Interest income is recognised on an accruals basis.

(iv) Change in fair value of investment properties

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

(v) Insurance recoveries

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

(vi) Other income

The Club recognises other income when it becomes receivable.

(b) Other expenses

Employee Benefits Expense	1,114,681	880,408
Loss on disposal of assets	3,216	15,330
Interest costs	22,806	20,997
Depreciation	395,466	395,188

Notes to the financial statements

For the year ended 30 June 2023

4 Cash and cash equivalents

	2023	2022
	\$	\$
Current		
Cash and Cash Equivalents	1,445,117	1,295,044
	<u>1,445,117</u>	<u>1,295,044</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 (if any).

5 Trade receivables

Current		
Trade receivables	41,500	42,641
	<u>41,500</u>	<u>42,641</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 - bar	29,967	28,564
	<u>29,967</u>	<u>28,564</u>

Accounting policy

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

7 Financial assets at amortised cost

Current		
Term deposits	158,361	155,196
Other receivables	15,412	(3,261)
	<u>173,773</u>	<u>151,935</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	52,213	52,911
	<u>52,213</u>	<u>52,911</u>

Accounting policy

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

Notes to the financial statements

For the year ended 30 June 2023

9 Property, plant and equipment

	Land and buildings and improvements \$	Plant and equipment \$	Poker machines \$	Capital WIP \$	Total \$
Non-current assets					
At 1 July 2022					
Cost	5,452,343	2,133,147	1,845,707	31,486	9,462,683
Accumulated depreciation	(2,657,817)	(1,770,184)	(1,631,874)	-	(6,059,875)
Net book amount	2,794,526	362,963	213,833	31,486	3,402,808
Year ended 30 June 2023					
Opening net book amount	2,794,526	362,963	213,833	31,486	3,402,808
Additions	49,776	71,338	162,458	-	283,572
Disposals	-	(88)	(558)	-	(646)
Transfers from WIP	-	-	14,850	(14,850)	-
Depreciation charge	(161,775)	(100,002)	(108,067)	-	(369,844)
Closing net book amount	2,682,527	334,211	282,516	16,636	3,315,890
At 30 June 2023					
Cost	5,502,119	2,065,673	1,802,925	16,636	9,387,353
Accumulated depreciation	(2,819,592)	(1,731,462)	(1,520,409)	-	(6,071,463)
Net book amount	2,682,527	334,211	282,516	16,636	3,315,890

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 2023

10 Investment properties

	2023	2022
	\$	\$
Non-current assets - at fair value		
Opening balance at 1 July	570,000	405,000
Net gain / (loss) from fair value adjustment	-	95,000
Closing balance at 30 June	<u>570,000</u>	<u>570,000</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 Rodney Keers of Portside Real Estate as at 28 July 2023. 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 derecognising of an investment property are recognised in the statement of profit or loss and other comprehensive income in that year.

11 Intangible assets

	Poker machine entitlements	Total
	\$	\$
Non-current assets		
As at 30 June 2022		
Cost	36,000	36,000
Net book amount	<u>36,000</u>	<u>36,000</u>
Year ended 30 June 2023		
Opening net book amount	36,000	36,000
Closing net book amount	<u>36,000</u>	<u>36,000</u>
As at 30 June 2023		
Cost	36,000	36,000
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.

12 Lease assets and lease liabilities

	2023	2022
	\$	\$
The Club leases equipment being the POS system.		
a) Lease assets		
Non-current		
Carrying amount of lease assets, by class of underlying asset:		
Plant and Equipment	42,703	70,895

Reconciliation of lease assets

	Plant & Equipment	Total	Total
	\$	\$	\$
Carrying amount at the beginning of the year	70,895	70,895	96,675
Disposals	(2,570)	(2,570)	-
Amortisation	(25,622)	(25,622)	(25,780)
Carrying amount at the end of the year	<u>42,703</u>	<u>42,703</u>	<u>70,895</u>

b) Lease liabilities

Current			
Lease liabilities	25,234	25,234	28,459
Non-current			
Lease liabilities	17,790	17,790	45,037
Total	<u>43,024</u>	<u>43,024</u>	<u>73,496</u>

Notes to the financial statements

For the year ended 30 June 2023

12 Lease assets and lease liabilities (continued)

Reconciliation of lease liabilities	Plant & Equipment	2023	2022
	\$	\$	\$
Carrying amount at the beginning of the year	73,496	73,496	98,185
Gain on reduction of lease	(5,171)	(5,171)	-
Interest expense	3,646	3,646	5,191
Lease payments	(28,947)	(28,947)	(29,880)
Carrying amount at the end of the year	43,024	43,024	73,496

Maturity analysis of future lease payments	Total	Total
	\$	\$
Not later than 1 year	27,216	29,880
Later than 1 year and not later than 5 years	18,144	49,800
Lease payments	45,360	79,680

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 lease asset and a lease liability is recognised. Lease assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Lease 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 6.74%.

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

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

Lessor

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

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

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

Notes to the financial statements

For the year ended 30 June 2023

13 Trade and other payables

	2023	2022
	\$	\$
Current		
Trade payables	158,909	283,180
Other payables and accruals	79,302	62,798
GST payable	66,454	51,075
	<u>304,665</u>	<u>397,053</u>

Accounting policy

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

14 Financial liabilities

	2023	2022
	\$	\$
Current		
<i>Secured</i>		
Bank loans (i)	10,541	130,372
Total secured financial liabilities	<u>10,541</u>	<u>130,372</u>
Non-current		
<i>Secured</i>		
Bank loans	126,332	128,578
Total secured financial liabilities	<u>126,332</u>	<u>128,578</u>

(i) Secured liabilities

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

- a registered mortgage is held over the following properties:-

- | | |
|--|---|
| - 57 Meredith Avenue, Lemon Tree Passage NSW. | - 20 Gould Drive, Lemon Tree Passage |
| - Lot 170 Gould Drive, Lemon Tree Passage NSW. | - 22 Gould Drive, Lemon Tree Passage |
| - 53 Meredith Avenue, Lemon Tree Passage | - 24 Gould Drive, Lemon Tree Passage |
| - 55 Meredith Avenue, Lemon Tree Passage | - 23 Kenneth Parade, Lemon Tree Passage |
| - 25 Kenneth Parade, Lemon Tree Passage | - 18 Gould Drive, Lemon Tree Passage |

Accounting policy

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

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

15 Provisions**Current**

Employee entitlements (i) & (ii)	120,527	137,228
Jackpots	10,461	-
	<u>130,988</u>	<u>137,228</u>

Non-current

Employee entitlements (ii)	14,837	7,149
	<u>14,837</u>	<u>7,149</u>

Accounting policy*(i) Annual leave*

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

(ii) Long service leave

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

Notes to the financial statements

For the year ended 30 June 2023

16 Other liabilities

	2023	2022
	\$	\$
Current		
Contract liabilities - membership income	22,653	15,896
Other Liabilities - rebates in advance	-	7,500
Other liabilities - security deposits	-	2,400
	<u>22,653</u>	<u>25,796</u>
Non-current		
Other Liabilities - rebates in advance	-	14,375
Contract Liabilities - membership income	16,934	13,609
	<u>16,934</u>	<u>27,984</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.

	Asset revaluation	Total
	\$	\$
17 Reserves		
Balance at 30 June 2023	<u>9,783</u>	<u>9,783</u>

Asset revaluation

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

18 Contingent liabilities

Bank guarantee substituting for a security deposit for TAB facilities	<u>5,000</u>	<u>5,000</u>
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19 Related parties

Transactions between related parties are on normal commercial terms and conditions, and are no more favourable than those available to other parties unless otherwise stated.

(a) Key management personnel compensation

Total key management personnel benefits	168,440	137,053
Total transactions with related parties	<u>168,440</u>	<u>137,053</u>

20 Remuneration of auditors

Auditor of the Club

Audit of the financial statements	23,300	21,800
Other services - consulting services	38,800	37,000
	<u>62,100</u>	<u>58,800</u>

Notes to the financial statements

For the year ended 30 June 2023

21 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, 11, 12(a)) - The useful life of property, plant and equipment and lease 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 10) - 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.

22 Events after the reporting period

In August 2023, the Club has submitted an offer to purchase an investment property adjacent to the Club for \$770,000. The Club expects to be able to obtain bank finance to assist with the purchase of this property.

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), including:
 - (i) complying with Australian Accounting Standards - Simplified Disclosures, and the Co-operatives National Regulations (NSW);
 - (ii) giving a true and fair view of the Club's financial position as at 30 June 2023 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

29 September 2023
Lemon Tree Passage, NSW

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 2023, 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 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures, and the Co-operatives National Regulations (NSW).

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 Law (NSW) 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 and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures 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. Those charged with governance are responsible for overseeing the Clubs financial reporting process.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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Independent auditor's report (cont.)

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 2023 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

29 September 2023
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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