



**Raymond Terrace Bowling Club
Co-operative Limited**

ABN 468 826 325

**Annual Financial Report
for the year ended 31 March 2020**

Raymond Terrace Bowling Club Co-operative Limited ACN 468 826 325

Annual financial report for the year ended 31 March 2020

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These financial statements are the financial statements of Raymond Terrace 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 22 May 2020. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Raymond Terrace Bowling Club Co-operative Limited (the Club) for the year ended 31 March 2020.

Directors details

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

Mr M. Harriss

Chairman
Director since 2000
Retired

Mr B. Gleeson

Vice Chairman
Director since 2013
Manager

Mrs G. Lewis

Treasurer
Director since 2015
Retired

Mr M. Aunger

Director
Director since 2011
Retired

Mr S. Evans

Director
Director since 2014
Vehicle Builder

Mr B. Grant

Director
Director since 2017
Manager

Mr R. Mackay

Director
Director since 2019
Retired

Company secretary

Jason Stokes has held senior positions with a number of Bowling Clubs, and has been in Management roles at Raymond Terrace Bowling Club Co-Operative Ltd for the past 13 years. He was promoted to the Chief Executive Officer position in June 2016.

Director's 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 M. Harriss	14	13
Mr B. Gleeson	14	13
Mrs G. Lewis	14	12
Mr M. Aunger	14	12
Mr S. Evans	14	12
Mr B. Grant	14	13
Mr R. Mackay	11	11

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 31 March 2020, the following land and buildings are considered to be:

Core property

- 2 Jacaranda Avenue, Raymond Terrace
- 1 Swan Street, Raymond Terrace

Non-core property

- 112 Port Stephens Street, Raymond Terrace
- 2 Swan Street, Raymond Terrace
- 35 Glenelg Street, Raymond Terrace
- 48 & 50 Sturgeon Street, Raymond Terrace

Principal activities

During the year, the principal activities of the Club were the promotion of lawn bowls and the provision of amenities to members and their guests.

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

Review of operations and financial results

A review of the operations of the Club during the financial year and the results of those operations found that market demand and sales of the Club remained in general consistent with the prior year. The operating profit of the Club for the financial year after providing for income tax is set out below:

	2020	2019
Revenue	5,526,938	5,468,962
Expenses	(5,210,124)	(5,120,504)
Profit before income tax	316,814	348,458
Income tax	-	-
Net profit	316,814	348,458

As a result of the spread of COVID-19 the Federal Government announced the closure of all Registered Clubs effective 23 March 2020 and the Club remains closed at the date of this report.

Significant changes in state of affairs

No significant changes in the Club's state of affairs occurred during the financial year other than the impact of COVID19 as mentioned above.

Events since the end of the financial year

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. It is likely that the Club will incur losses until operations resume and patronage returns. Whilst the Club is in a strong financial position any losses will reduce cash reserves, with the financial position of the Club being monitored on an ongoing basis by management and the Board. 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 re-open in the coming months once the Government has relaxed restrictions and expects trading to return to pre-shut down levels within the next 12 months.

No new developments are anticipated in the operations of the Club. The expected results for future years are of growth in revenue whilst the Club will control costs wherever possible.

Environmental regulation

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

Dividends paid or recommended

No dividends have been paid or declared since the start of the financial year.

Options

No options over issued shares or interests in the Club 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 Club 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 5 and forms part of this Directors' report.

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



M. Harriss - Chairman



B. Gleeson - Vice Chairman

Dated: 22 May 2020

Auditor's independence declaration

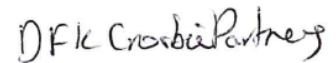
To the Directors of Raymond Terrace Bowling Club Co-operative Limited

In accordance with the requirements of Co-operatives National Regulations (NSW) 2014, as lead auditor for the audit of Raymond Terrace Bowling Club Co-operative Limited for the year ended 31 March 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 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.



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

22 May 2020
Newcastle

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 31 March 2020

		2020	2019
	Notes	\$	\$
Revenue from continuing operations	2	5,417,201	5,388,182
Other Income	3	109,737	80,780
Bar cost of goods sold		(427,943)	(415,826)
Bar direct expenses		(311,207)	(292,825)
Coffee shop direct expenses		(108,614)	(108,723)
Catering direct expenses		(27,867)	(22,513)
Gaming direct expenses		(1,262,639)	(1,271,922)
Bowls direct expenses		(494,237)	(498,158)
Hathaway & rectory direct expenses		(75,806)	(86,585)
Rental operations		(20,629)	(14,189)
Clubhouse expenses		(1,182,101)	(1,119,536)
Administration expenses		(1,238,794)	(1,201,974)
Finance costs		(60,287)	(88,253)
		(5,210,124)	(5,120,504)
Profit / (loss) before income tax		316,814	348,458
Income tax expense		-	-
Profit / (loss) for the year		316,814	348,458
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		316,814	348,458

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 31 March 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	564,742	314,702
Trade receivables	5	27,161	17,119
Inventories	6	70,857	66,622
Financial assets at amortised cost	7	644,023	656,714
Other assets	8	48,856	32,912
Total current assets		1,355,639	1,088,069
Non-current assets			
Property, plant and equipment	9	10,908,159	11,081,285
Investment properties	10	1,100,000	1,100,000
Intangible assets	11	310,537	254,734
Total non-current assets		12,318,696	12,436,019
Total assets		13,674,335	13,524,088
LIABILITIES			
Current liabilities			
Trade and other payables	12	424,689	323,063
Financial liabilities	13	1,168,849	1,435,296
Provisions	14	265,897	276,894
Other liabilities	15	26,348	25,929
Total current liabilities		1,885,783	2,061,182
Non-current liabilities			
Provisions	14	38,714	28,181
Other liabilities	15	14,253	15,954
Total non-current liabilities		52,967	44,135
Total liabilities		1,938,750	2,105,317
Net assets		11,735,585	11,418,771
MEMBERS FUNDS			
Reserves		457,007	457,007
Retained profits		11,278,578	10,961,764
Total members funds		11,735,585	11,418,771

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

Statement of changes in equity

For the year ended 31 March 2020

	Reserves	Retained	Total
	\$	\$	\$
Balance at 1 April 2018	457,007	10,613,306	11,070,313
Profit for the year	-	348,458	348,458
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	348,458	348,458
Balance at 31 March 2019	457,007	10,961,764	11,418,771
Profit for the year	-	316,814	316,814
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	316,814	316,814
Balance at 31 March 2020	457,007	11,278,578	11,735,585

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

Statement of cash flows

For the year ended 31 March 2020

Notes	2020	2019
	\$	\$
Cash flows from operating activities		
Receipts from members and customers	5,976,293	5,939,130
Payments to suppliers and employees	(5,107,986)	(5,117,161)
Interest received	14,304	18,101
Interest paid	(60,287)	(88,252)
Net cash inflow (outflow) from operating activities	<u>822,324</u>	<u>751,818</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(259,981)	(489,225)
Payments for intangibles	(55,803)	-
Advance of loan	-	(50,000)
Payments received from loan advanced	30,259	19,740
Transfer to/from interest bearing deposit	(18,109)	(27,642)
Net cash inflow (outflow) from investing activities	<u>(303,634)</u>	<u>(547,127)</u>
Cash flows from financing activities		
Repayment of financial liabilities	(268,650)	(200,298)
Net cash inflow (outflow) from financing activities	<u>(268,650)</u>	<u>(200,298)</u>
Net increase in cash and cash equivalents	250,040	4,393
Cash and cash equivalents at the beginning of the financial year	314,702	310,309
Cash and cash equivalents at the end of the financial year	<u>564,742</u>	<u>314,702</u>

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

Notes to the financial statements

For the year ended 31 March 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 Regulations (NSW) 2014. Raymond Terrace 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 and land and buildings which have been measured at fair value. 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 April 2019:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*

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 April 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 April 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 has a customer loyalty program which allows customers to earn points from selected purchases which are redeemable on future purchases. It was determined that the impact of the loyalty program on 1 April 2019 and 31 March 2020 was immaterial.

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 April 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.

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.

As a result of the adoption of AASB 16, there has been no impact on the Statement of Financial Position or Statement of Profit and Loss of the Club.

Notes to the financial statements

For the year ended 31 March 2020

(d) Working capital deficiency

As at 31 March 2020, Raymond Terrace Bowling Club Co-operative Limited has a working capital deficiency of \$530,144

The working capital deficiency is caused by:

- (a) the entire balance of the Market Rate Loan being \$1,168,849 being included as a current liability as the Club does not have an unconditional right to defer settlement for a period of at least 12 months, however the Directors do not expect to be required to repay the full drawn amount on the facility within the next 12 months.

The Directors believe the above working capital deficiency will be satisfied as:

- (a) The Club generated positive net operating cashflows of \$822,324 and a profit of \$316,814 during the current year.
- (b) The Club has a cash balance at 31 March 2020 of \$564,742.
- (c) The Club has sufficient funds to continue to meet its obligations to employees and creditors during the shutdown period resulting from the Governments response to the COVID-19 pandemic.
- (d) The Directors do not foresee any issues in continuing to meet the terms and conditions of its loans with the Bank.
- (e) The Directors expect cashflows once the Club can reopen to continue to be strong based on recent results.

The Directors are of the opinion the above will be achieved and the Club will continue as a going concern and meet its debts and commitments as they fall due. As a result, the Directors have prepared the financial report on a going concern basis.

(e) Income Taxes

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

(f) 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.

(g) Rounding of amounts

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

Notes to the financial statements

For the year ended 31 March 2020

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	Gaming revenue	Membership revenue	Raffle and bingo revenue	Bowls revenue	Other revenue	Total
	\$	\$	\$	\$	\$	\$	\$
2020							
Revenue from contracts with customers	1,152,916	3,701,515	34,941	157,023	105,761	247,865	5,400,021
Other revenue (not under AASB15)	-	17,180	-	-	-	-	17,180
	1,152,916	3,718,695	34,941	157,023	105,761	247,865	5,417,201

Timing of revenue recognition

At a point in time	1,152,916	3,718,695	-	157,023	105,761	236,194	5,370,589
Over time	-	-	34,941	-	-	-	34,941
	1,152,916	3,718,695	34,941	157,023	105,761	236,194	5,405,530

	Food and beverage revenue	Gaming revenue	Membership revenue	Raffle and bingo revenue	Bowls revenue	Other revenue	Total
	\$	\$	\$	\$	\$	\$	\$
2019							
Revenue from contracts with customers	1,154,737	3,695,016	36,974	147,897	98,981	237,397	5,371,002
Other revenue (not under AASB15)	-	17,180	-	-	-	-	17,180
	1,154,737	3,712,196	36,974	147,897	98,981	237,397	5,388,182

Timing of revenue recognition

At a point in time	1,154,737	3,712,196	-	147,897	98,981	237,397	5,351,208
Over time	-	-	36,974	-	-	-	36,974
	1,154,737	3,712,196	36,974	147,897	98,981	237,397	5,388,182

Notes to the financial statements

For the year ended 31 March 2020

(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 - 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.

(iii) Provision of services - gaming revenue

Revenue from rendering services from gaming facilities to members and other patrons of the club is recognised when the services are provided. Gaming revenue is measured at the fair value of the consideration received from the net position of the wagers placed less customer winnings paid out. Commission 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 has been completed.

(iv) Provision of services - promotions revenue

Promotions revenue comprises income from raffle and bingo and 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 - 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 this point the performance obligations have been satisfied.

(vi) Other revenue

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

3 Other income and expense items

	2020	2019
	\$	\$
(a) Other income		
Rental income - on Investment Properties	45,619	33,348
Interest income	13,814	17,432
Government stimulus rebate	50,000	-
Gain on disposal of fixed assets	304	-
Change in fair value of investments	-	30,000
	<u>109,737</u>	<u>80,780</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) Other income

The Club recognises other income when it becomes receivable.

(iii) Interest income

Interest income is recognised on an accruals basis.

(b) Other expenses

Employee benefits expense	1,473,583	1,434,971
Interest costs	60,287	88,253

Notes to the financial statements

For the year ended 31 March 2020

4 Cash and cash equivalents

	2020	2019
	\$	\$
Current		
Cash and cash equivalents	564,742	314,702
	<u>564,742</u>	<u>314,702</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	27,161	17,119
	<u>27,161</u>	<u>17,119</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	53,391	46,971
Other Inventories	17,466	19,651
	<u>70,857</u>	<u>66,622</u>

Accounting policy

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

7 Financial assets at amortised cost

Current		
Term deposits	634,871	616,762
Other receivables	9,152	39,952
	<u>644,023</u>	<u>656,714</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	48,856	32,912
	<u>48,856</u>	<u>32,912</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 31 March 2020

9 Property, plant and equipment

	Greens \$	Land and buildings \$	Plant and equipment \$	Poker machines \$	Capital WIP \$	Total \$
Non-current assets						
At 1 April 2019						
Cost	1,927,995	10,191,112	1,661,887	2,485,380	8,327	16,274,701
Accumulated depreciation	1,190,467	601,631	1,319,406	2,081,912	-	5,193,416
Net book amount	737,528	9,589,481	342,481	403,468	8,327	11,081,285
Year ended 31 March 2020						
Opening net book amount	737,528	9,589,481	342,481	403,468	8,327	11,081,285
Additions	-	5,286	37,568	215,464	28,063	286,381
Disposals	-	-	-	-	-	-
Depreciation charge	52,553	64,521	94,929	247,504	-	459,507
Closing net book amount	684,975	9,530,246	285,120	371,428	36,390	10,908,159
Year ended 31 March 2020						
Cost	1,927,996	10,194,921	1,699,455	2,601,896	36,390	16,460,658
Accumulated depreciation	1,243,021	664,675	1,414,335	2,230,468	-	5,552,499
Net book amount	684,975	9,530,246	285,120	371,428	36,390	10,908,159

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

Freehold land and buildings are shown at their fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Freehold land and buildings were valued on 31 March 2018 by O'Loughlin Valuers. O'Loughlin Valuers frequently assess the market values for properties similar to those held by the Club in the same areas, having regard to past sales prices of other properties and current market conditions. The directors have determined that the independent valuation is an appropriate basis to determine fair value of land and buildings at 31 March 2020.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of gain on revaluation of land and buildings. All other decreases are charged to the statement of profit or loss and other comprehensive income.

As the revalued buildings are depreciated, the difference between depreciation recognised in the income statement, which is based on the revalued carrying amount of the asset, and the depreciation based on the assets original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal costs, are valued and recognised at the fair value of the asset at the date it is acquired.

(b) Plant and equipment

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:

Buildings	5 - 50 years
Plant & equipment	2 - 10 years
Poker machines	2.5 - 5 years
Greens	5 - 20 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.

Notes to the financial statements

For the year ended 31 March 2020

9 Property, plant and equipment (continued)**(d) Impairment (continued)**

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 Investment properties

	2020	2019
	\$	\$
Non-current assets - at fair value		
Opening balance at 1 April	1,100,000	1,070,000
Additions	-	-
Classified as held for sale or disposals	-	-
Net gain / (loss) from fair value adjustment	-	30,000
Closing balance at 31 March	<u>1,100,000</u>	<u>1,100,000</u>

Accounting policy

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. To obtain the fair value, an independent valuation is obtained by the Club from external valuers once every 3 years. A market appraisal was performed by Steve Bates Real Estate as at 31 March 2020. The real estate agents frequently assess the market values for properties similar to those held by the Club in the same areas, having regard to past sales prices of other properties and current market conditions. Independent valuation from external experts is obtained in the intervening periods if necessary. 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 31 March 2019		
Cost	254,734	254,734
Accumulated amortisation	-	-
Net book amount	<u>254,734</u>	<u>254,734</u>
Year ended 31 March 2020		
Opening net book amount	254,734	254,734
Additions	55,803	55,803
Amortisation charge	-	-
Disposals	-	-
Closing net book amount	<u>310,537</u>	<u>310,537</u>
As at 31 March 2020		
Cost	310,537	310,537
Accumulated amortisation	-	-
Net book amount	<u>310,537</u>	<u>310,537</u>

Notes to the financial statements

For the year ended 31 March 2020

11 Intangible assets (continued)**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 Trade and other payables

	2020	2019
	\$	\$
Current		
Trade payables	141,446	214,367
Other payables and accruals	283,243	108,696
	<u>424,689</u>	<u>323,063</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

	2020	2019
	\$	\$
Current		
<i>Secured</i>		
Bank loans (i)	1,168,849	1,435,296
Total secured financial liabilities	<u>1,168,849</u>	<u>1,435,296</u>

(i) Secured liabilities

The above loans and lines of credit are secured by first mortgages over the Club's freehold land and buildings, including those classified as investment properties.

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.

Notes to the financial statements

For the year ended 31 March 2020

14 Provisions

	2020	2019
	\$	\$
Current		
Employee entitlements (i) & (ii)	265,897	276,894
	<u>265,897</u>	<u>276,894</u>
Non-current		
Employee entitlements (ii)	38,714	28,181
	<u>38,714</u>	<u>28,181</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

	2020	2019
	\$	\$
Current		
Contract liabilities - membership income	20,793	25,929
Other liabilities	5,555	-
	<u>26,348</u>	<u>25,929</u>
Non-current		
Contract liabilities - membership income	14,253	15,954
	<u>14,253</u>	<u>15,954</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 1 April 2019	457,007	457,007
Revaluation of investments	-	-
Release of depreciation	-	-
Balance at 31 March 2020	<u>457,007</u>	<u>457,007</u>

*(i) Nature and purpose of reserves**Asset revaluation*

The asset revaluation reserve is used to record increments and decrements on the revaluation of land and buildings classified as part of property, plant and equipment which are measured at fair value. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

Notes to the financial statements

For the year ended 31 March 2020

17	Commitments	2020	2019
		\$	\$
(i)	<i>Capital Commitments</i>		
	Purchase of 110 Port Stephens street property	76,500	-
		<u>76,500</u>	<u>-</u>

18 **Contingent liabilities**

Bank guarantee substituting for a security deposit for TAB facilities	<u>5,000</u>	<u>5,000</u>
Overdraft facility unused at year end	<u>110,000</u>	<u>110,000</u>

Mortality Fund

The Club conducts a mortality fund whereby each eligible member is entitled to have \$600 paid by the Club to his/her estate upon his/her death. No liability for this has been recognised in the financial statements, however at 31 March 2020 the Club's contingent commitment was \$42,600 (71 members). Payments to members are taken up as an expense in the year in which the payments are made.

At the date of this report any potential costs to settle the matter cannot be reliably quantified.

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)	<i>Key management personnel compensation</i>	2020	2019
		\$	\$
	Total key management personnel benefits	<u>169,776</u>	<u>162,498</u>

(b) *Transactions with other related parties*

The wife of Director M. Harriss is employed by the Club under normal award terms and conditions.

The daughter of CEO J. Stokes is employed by the Club under normal award terms and conditions.

Notes to the financial statements

For the year ended 31 March 2020

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 9 and 11*) - The useful life of property, plant and equipment and intangible asset 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.
- Estimated fair value of land and buildings (*note 9*) - The fair value of land and buildings is estimated at each reporting date, based on independent assessments of the market value of the property conducted at least every three years and other available knowledge of current market prices. Estimation uncertainty exists and is related to the various assumptions used in determining the fair value.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 21 are in accordance with the Co-operatives National Regulations (NSW) 2014, including:
- (i) comply 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 31 March 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.



M Harriss - Chairman



B Gleeson - Vice Chairman

Raymond Terrace
22 May 2020

Independent auditor's report to the members of Raymond Terrace Bowling Club Co-operative Limited

Opinion

We have audited the financial report of Raymond Terrace Bowling Club Co-operative Limited (the Club) which comprises the statement of financial position as at 31 March 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 Regulations (NSW) 2014

- (i) giving a true and fair view of the Clubs financial position as at 31 March 2020 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.

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 31 March 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.

Newcastle | Sydney

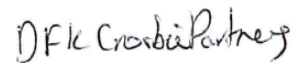
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Auditor's responsibilities for the audit of the financial report (continued)

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



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

22 May 2020
Newcastle

Newcastle | Sydney

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