

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

Financial Statements

For the Year Ended 31 May 2021

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

Financial Statements

For the Year Ended 31 May 2021

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North Haven Bowling & Recreation Club Limited

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DIRECTORS' REPORT

Your Directors present their report on the Company for the financial year ended 31 May 2021.

Directors

The names of the Directors in office at any time during or since the end of the year are:

Terry KING	(Appointed 25/10/2020)
Colin PALMER	
Brian Leslie JOHNSTON	
Gregory Allan CLARKE	
Kevin NIEASS	
Carole GRAHAM	
Keith O'CONNOR	
Ted Brain	(Appointed 25/10/2020)
Kel Coulter	(Appointed 25/10/2020)
Gary William McLOUGHLIN	(Resigned 25/10/2020)
Elaine PENDER	(Resigned 25/10/2020)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Short-Term Objectives

The short-term objectives of the Company are to:

- Provide a safe environment for members and their visitors to meet;
- Continue to provide support for community based entities and to provide a place for such entities to meet;
- Derive income to support local sporting groups and charitable organisations;
- Continue to promote and improve member facilities;
- Provide entertainment, food and beverages for the community at reasonable prices.

Long-Term Objectives

The long-term objectives of the Company are to:

- Increase the membership base of the Club;
- Renovate and update Clubhouse facilities;
- Further improve the bowling greens and amenities for our numerous sub-clubs;
- Continue to be the hub of the community that brings the town together.

North Haven Bowling & Recreation Club Limited

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DIRECTORS' REPORT

Strategies Adopted for Achieving Objectives

To achieve the objectives of the Company the following strategies have been adopted:

- Engage and retain suitably qualified and experienced employees to maintain Club facilities and provide the best possible service;
- Provide entertainment to attract patronage to the Club;
- Provide a courtesy bus to bring members and visitors to and from the Club;
- Offer high-quality, low-priced meals and reasonably priced beverages;
- Run promotions throughout the year for the benefit of members and their guests;
- Annual development of a financial budget and monthly monitoring of financial performance to ensure the Club operates within its financial capabilities;

Principal Activities

The principal activity of the Company during the financial year was the conduct of a Licensed Bowling Club.

No significant change in the nature of this principal activity occurred during the financial year.

Means by which Principal Activities Assisted in Achieving the Company's Objectives

The profit and cash flows generated from the Company's principal activities were utilised in achieving the Company's objectives.

Key Performance Measures

The Company measures and monitors performance by comparing actual monthly results to budgets and past performance. The Company reviews key performance indicators such as membership numbers, gross profit margins and trading results of key income areas such as bar and poker machines.

Members' Guarantee

North Haven Bowling & Recreation Club Limited is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$2 towards meeting any outstanding obligations of the Company. At 31 May 2021 there were 5,541 members with a collective liability of \$11,082.

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DIRECTORS' REPORT

Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* has been received and is included in this financial report.

Core and Non-Core Property

Core property is defined as any real property owned by the Club that comprises the defined premises of the Club or any facility provided by the Club for the use of its members and their guests. Core property of the Club consists of the land occupied by the Clubhouse, bowling greens and carparks at 1 Woodford Road, North Haven NSW.

Non core property of the Club means any real property owned by the Club that is not core property. Non core property consists of 9 The Parade, North Haven NSW.

Meetings of Directors

During the financial year, 12 monthly meetings and 2 special meeting of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Terry KING	8	8
Colin PALMER	14	14
Brian Leslie JOHNSTON	14	14
Gregory Allan CLARKE	14	14
Kevin NIEASS	14	14
Carole GRAHAM	14	13
Keith O'CONNOR	14	14
Ted BRAIN	8	7
Kel COULTER	8	7
Gary William McLOUGHLIN	6	6
Elaine PENDER	6	5

North Haven Bowling & Recreation Club Limited

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DIRECTORS' REPORT

Information on Current Directors

Terry KING

Experience	Director of North Haven Bowling & Recreation Club for 1 year Chairman for 1 year
Special Responsibilities	Chairman Finance Committee Restaurant Committee Building Committee Intra Club Committee

Colin PALMER

Experience	Director of North Haven Bowling & Recreation Club for 9 years Deputy Chairman for 8 years
Special Responsibilities	Deputy Chairman Secretary of North Haven Mens Bowling Club for 1 year Finance Committee WHS Committee

Brian Leslie JOHNSTON

Experience	Director of North Haven Bowling & Recreation Club for 11 years Finance Director of North Haven Bowling & Recreation Club for 10 years Treasurer of North Haven Men's Bowling Club for 4 years
Special Responsibilities	Finance Director Finance Committee Greens Committee

Gregory Allan CLARKE

Experience	Director of North Haven Bowling & Recreation Club for 15 years
Special Responsibilities	WHS Committee

Kevin NIEASS

Experience	Director of North Haven Bowling & Recreation Club for 8 years North Haven Men's Bowling Club Treasurer for 10 years
Special Responsibilities	House and Building Committee

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DIRECTORS' REPORT

Information on Current Directors (continued)

Carole GRAHAM

Experience	Director of North Haven Bowling & Recreation Club 10 years
Special Responsibilities	Social Committee Intra Club Committee

Keith O'CONNOR

Experience	Director of North Haven Bowling & Recreation Club 3 years
Special Responsibilities	Vice President of North Haven Mens Bowling Club for 2 years Greens Committee

Ted Brain

Experience	Director of North Haven Bowling & Recreation Club 1 year
Special Responsibilities	House and Building Committee

Kel COULTER

Experience	Director of North Haven Bowling & Recreation Club 1 year
Special Responsibilities	House and Building Committee

Signed in accordance with a resolution of the Board of Directors:

Director:
Terry KING

Dated: 16 July 2021

AUDITOR'S INDEPENDENCE DECLARATION

Under Section 307C of the Corporation Act 2001

To the Directors of North Haven Bowling & Recreation Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 May 2021 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit;
and
- (ii) any applicable code of professional conduct in relation to the audit.

NorthCorp Accountants



Rodney Smith
Partner

10-12 Short Street
Port Macquarie NSW 2444

Date: 16 July 2021

North Haven Bowling & Recreation Club Limited

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STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 May 2021

	Note	2021 \$	2020 \$
Revenue	2	6,688,504	5,108,453
Changes in inventories	3	(3,670)	(9,271)
Inventories purchased	3	(1,264,813)	(1,047,587)
Bowls and competition expenses		(359,163)	(356,247)
Catering		(21,647)	(27,948)
Depreciation and amortisation expense	3	(532,280)	(580,836)
Electricity and gas		(145,879)	(146,988)
Employee benefits expense		(1,817,685)	(1,815,347)
Entertainment		(92,437)	(193,932)
Finance costs	3	(86,925)	(113,456)
Insurance		(103,624)	(102,624)
Payroll tax		(25,360)	(42,867)
Poker machine tax		(394,355)	(240,407)
Repairs and maintenance		(401,699)	(388,187)
Other expenses		(400,475)	(414,523)
		(5,650,012)	(5,480,220)
Profit/(loss) before income tax		1,038,492	(371,767)
Income tax expense		-	-
Profit/(loss) for the year		1,038,492	(371,767)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,038,492	(371,767)
Profit/(loss) attributable to members of the Company		1,038,492	(371,767)
Total comprehensive income attributable to members of the Company		1,038,492	(371,767)

North Haven Bowling & Recreation Club Limited

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STATEMENT OF FINANCIAL POSITION

As at 31 May 2021

	Note	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	957,895	224,766
Trade and other receivables	5	5,812	118,433
Inventories	6	77,263	63,966
Other assets	7	35,516	13,477
Total current assets		1,076,486	420,642
Non-current assets			
Property, plant and equipment	8	4,822,224	4,547,044
Investment property	9	1,070,997	1,093,702
Intangible assets	10	351,398	351,398
Total non-current assets		6,244,619	5,992,144
TOTAL ASSETS		7,321,105	6,412,786
LIABILITIES			
Current liabilities			
Trade and other payables	11	514,020	324,629
Borrowings	12	28,414	72,149
Provisions	13	413,318	340,659
Other current liabilities	14	16,600	6,892
Total current liabilities		972,352	744,329
Non-current liabilities			
Borrowings	12	1,860,574	2,228,918
Provisions	13	46,281	36,133
Total non-current liabilities		1,906,855	2,265,051
TOTAL LIABILITIES		2,879,207	3,009,380
NET ASSETS		4,441,898	3,403,406
EQUITY			
Retained earnings		4,441,898	3,403,406
TOTAL EQUITY		4,441,898	3,403,406

North Haven Bowling & Recreation Club Limited

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STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 May 2021

2021

	Retained Earnings	Total
	\$	\$
Balance at 1 June 2020	3,403,406	3,403,406
Profit/(loss) attributable to members of the Company	1,038,492	1,038,492
Other comprehensive income	-	-
Total comprehensive income for the year	1,038,492	1,038,492
Balance at 31 May 2021	4,441,898	4,441,898

2020

	Retained Earnings	Total
	\$	\$
Balance at 1 June 2019	3,775,173	3,775,173
Profit/(loss) attributable to members of the Company	(371,767)	(371,767)
Other comprehensive income	-	-
Total comprehensive income for the year	(371,767)	(371,767)
Balance at 31 May 2020	3,403,406	3,403,406

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STATEMENT OF CASH FLOWS

For the Year Ended 31 May 2021

	Note	2021 \$	2020 \$
Cash Flows from Operating Activities			
Receipts from customers		8,127,331	6,147,529
Payments to suppliers and employees		(6,147,515)	(5,984,480)
Finance costs		(86,925)	(113,456)
Net cash provided by (used in) operating activities		1,892,891	49,593
Cash Flows from Investing Activities:			
Proceeds from sale of property, plant and equipment		-	13,000
Purchase of property, plant and equipment		(747,683)	(121,193)
Net cash provided by (used in) investing activities		(747,683)	(108,193)
Cash Flows from Financing Activities:			
Proceeds from borrowings		47,289	70,593
Proceeds from government loan		500,000	-
Repayment of borrowings		(959,368)	(368,570)
Net cash provided by (used in) financing activities		(412,079)	(297,977)
Net increase/(decrease) in cash held		733,129	(356,577)
Cash and cash equivalents at beginning of year		224,766	581,343
Cash and cash equivalents at end of financial year	4	957,895	224,766

North Haven Bowling & Recreation Club Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

The financial report is for North Haven Bowling & Recreation Club Limited as an individual entity, incorporated and domiciled in Australia. North Haven Bowling & Recreation Club Limited is a Company limited by guarantee.

The financial report was authorised for issue on 16 July 2021 by the Board of Directors.

Note 1 Summary of Significant Accounting Policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied, unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Income Tax

The Company has been granted an exemption from income tax under Section 50-45 of the Income Tax Assessment Act 1997. The exempt status of the Company applies indefinitely or until such time as a change in circumstances warrants a review of the exempt status.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured on the cost basis.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 1 Summary of Significant Accounting Policies (continued)

(c) Property, Plant and Equipment (continued)

In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss. An assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Depreciation is recognised in profit or loss.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Buildings and improvements	5%
Plant and Equipment	5-33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

(d) Investment Property

Investment property, comprising a freehold motel property, is held to generate long-term rental yields. The lease is held on an arm's length basis. Investment property is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Investment property, excluding freehold land, is depreciated on a straight line basis over the life of the asset at a depreciation rate of 5.0%.

North Haven Bowling & Recreation Club Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 1 Summary of Significant Accounting Policies (continued)

(e) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date the Company commits itself to either the purchase or sale of the asset.

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at "fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price.

Classification and Subsequent Measurement

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or financial liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial assets

Financial assets are subsequently measured at amortised cost.

Financial assets comprising cash and cash equivalents, trade and other receivables and interest bearing deposits are subsequently measured at amortised cost as they meet the following conditions:

- the financial assets are managed solely to collect contractual cash flows; and
- the contractual terms within the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 1 Summary of Significant Accounting Policies (continued)

Derecognition

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the Company's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all the risks and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

North Haven Bowling & Recreation Club Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 1 Summary of Significant Accounting Policies (continued)

(f) Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite useful lives.

(g) Intangible Assets

Poker Machine Licences

Poker machine licences are recognised at cost of acquisition. Poker machine licences are tested annually for impairment and carried at cost less accumulated impairment losses.

Other Intangibles

Other intangibles are recognised at cost of acquisition. Other intangibles are amortised over their useful life.

(h) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(i) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

North Haven Bowling & Recreation Club Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 1 Summary of Significant Accounting Policies (continued)

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(k) Revenue

Revenue is recognised when control of the goods and services has transferred to the customers. For such transactions, this is the point in time when the goods are delivered to the customers or the services are received by customers.

Interest revenue is recognised using the effective interest method.

Receivables are recognised when items are delivered or services received, as at this point consideration is unconditional since only time needs to pass before payment of that consideration is due.

(l) Trade and other payables

Trade and other payables are carried at amortised cost and represent the liabilities for goods and services received by the Company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

North Haven Bowling & Recreation Club Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 1 Summary of Significant Accounting Policies (continued)

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item 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 in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates - Impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of intangible assets for the year ended 31 May 2020.

(q) New and Amended Accounting Policies not yet Adopted by the Company

AASB 1060: General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The AASB has issued AASB 1060: General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities. AASB 1060 defines the disclosure requirements for Tier 2 general purpose financial statements, as defined by Australian Accounting Standards, and serves as a replacement for the existing Reduced Disclosure Regime.

AASB 1060 may be early-adopted and is mandatory for periods beginning on or after 1 July 2021 (and is mandatory for the Company's 31 May 2023 year end).

North Haven Bowling & Recreation Club Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 2 Revenue and Other Income

The Company has recognised the following amounts relating to revenue in the statement of comprehensive income.

	Note	2021 \$	2020 \$
Continued operations			
Revenue from other sources			
- Sale of goods	2(a)	2,690,089	2,323,123
- Other sources of revenue	2(b)	3,998,415	2,785,330
		6,688,504	5,108,453

(a) Revenue Disaggregation

The revenue is disaggregated along product lines:

- Bar sales	1,581,254	1,395,651
- Restaurant sales	1,108,835	927,472

Total Sales Revenue	2,690,089	2,323,123
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Timing of revenue recognition

Goods and services transferred to customers:

- at a point in time	2,690,089	2,323,123
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(b) Other Sources of Revenue

Other revenue:

- Carnival	-	13,225
- Commissions received - Club Keno	79,451	79,448
- Commissions received - TAB	14,366	16,741
- Competition fees	302,108	259,061
- Entertainment	-	54,107
- Green fees and trophies	38,596	30,412
- Government funding - Cash Flow Boost	50,000	50,000
- Government funding - Jobkeeper Payments	384,000	184,000
- Government grant	252,792	-
- Members subscriptions	58,348	24,271
- Motel lease	116,424	109,985
- Poker machine clearances	2,577,462	1,819,479
- Sponsorship	12,193	27,487
- Sundry Revenue	112,675	117,114

Total Other Revenue	3,998,415	2,785,330
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Total Revenue and Other Income	6,688,504	5,108,453
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North Haven Bowling & Recreation Club Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 3 Profit

(a) Expenses

	2021 \$	2020 \$
Cost of goods sales		
Bar trading	682,526	591,803
Restaurant trading	585,957	465,055
	<u>1,268,483</u>	<u>1,056,858</u>
Finance Costs		
Interest and bank fees expense	<u>86,925</u>	<u>113,456</u>
Depreciation		
Buildings and improvements	228,911	234,607
Plant and equipment	280,664	323,239
Investment property	22,705	22,990
	<u>532,280</u>	<u>580,836</u>

(b) Significant Revenue

The following revenue item is relevant in explaining the financial performance:

Government grant	<u>252,792</u>	<u>-</u>
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Government Grant

During the year ended 31 May 2021 the Company received a sports and recreation grant from the NSW Department of Customer Service for the purpose of upgrading the number 3 bowling green, including the construction of a roof cover over that green.

North Haven Bowling & Recreation Club Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 4 Cash and Cash Equivalents

		2021	2020
	Note	\$	\$
Cash at bank and in hand		930,159	205,748
Cash at bank - restricted	4(a)	27,736	19,018
		<u>957,895</u>	<u>224,766</u>

Reconciliation of Cash

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to items in the statement of financial position as follows:

Cash and cash equivalents		<u>957,895</u>	<u>224,766</u>
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(a) Superdraw funds held in trust on behalf of 6 member clubs. 11

Note 5 Trade and Other Receivables

Current

Other receivables		<u>5,812</u>	<u>118,433</u>
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Note 6 Inventories

Current

Finished Goods - at Cost

Finished goods - trading		<u>77,263</u>	<u>63,966</u>
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Note 7 Other Assets

Current

Prepayments		<u>35,516</u>	<u>13,477</u>
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North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 8 Property Plant and Equipment

	2021	2020
	\$	\$
Land and buildings		
Freehold land		
Freehold land at cost	241,843	241,843
Buildings and freehold improvements		
Buildings and freehold improvements at cost	8,466,094	7,946,505
Accumulated depreciation	(4,938,774)	(4,727,780)
Total buildings and freehold improvements	3,527,320	3,218,725
Total land and buildings	3,769,163	3,460,568
 Plant and equipment		
Plant and equipment at cost	4,816,320	4,750,134
Accumulated depreciation	(3,763,259)	(3,663,658)
Total plant and equipment	1,053,061	1,086,476
Total property, plant and equipment	4,822,224	4,547,044

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Freehold land	Buildings and freehold improvements	Plant and equipment	Total
	\$	\$	\$	\$
Balance at 1 June 2020	241,843	3,218,725	1,086,476	4,547,044
Additions at cost	-	574,467	248,593	823,060
Disposals	-	(36,961)	(1,344)	(38,305)
Depreciation expense	-	(228,911)	(280,664)	(509,575)
Balance at 31 May 2021	241,843	3,527,320	1,053,061	4,822,224

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 9 Investment Properties

	2021	2020
	\$	\$
Investment property at cost	1,464,525	1,464,525
Less accumulated depreciation	(393,528)	(370,823)
	<u>1,070,997</u>	<u>1,093,702</u>
(a) Movement in Carrying Amount		
Balance at beginning of year	1,093,702	1,116,692
Depreciation expense	(22,705)	(22,990)
Balance at end of year	<u>1,070,997</u>	<u>1,093,702</u>

Note 10 Intangible Assets

Computer and other software		
Cost	29,282	29,282
Accumulated amortisation and impairment	(29,282)	(29,282)
Net carrying value	<u>-</u>	<u>-</u>
Poker machine licences		
Cost	351,398	351,398
Accumulated amortisation and impairment	<u>-</u>	<u>-</u>
Net carrying amount	<u>351,398</u>	<u>351,398</u>
Total Intangibles	<u>351,398</u>	<u>351,398</u>

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 10 Intangible Assets (continued)

Poker machine licences

Poker machine licences have been determined to have an indefinite useful life as the Company has no intention to sell poker machine licences.

(a) Movements in carrying amounts of intangible assets

	Computer and other software \$	Poker Machine Entitlements \$	Total \$
Balance at 1 June 2020	-	351,398	351,398
Amortisation	-	-	-
Closing carrying amount at May 31 2021	-	351,398	351,398

Note 11 Trade and Other Payables

	Note	2021 \$	2020 \$
Current			
Unsecured liabilities			
Trade payables		393,152	261,250
Sundry payables and accrued expenses		93,132	44,361
Funds held in trust	4(a)	27,736	19,018
		514,020	324,629

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 12 Borrowings

	Note	2021 \$	2020 \$
Current			
Secured liabilities:			
Other loans		28,414	72,149
Total current borrowings		28,414	72,149
Non-Current			
Secured liabilities:			
Bank loans		1,360,574	2,228,918
Government Loan		500,000	-
Total non-current borrowings		1,860,574	2,228,918
(a) Total current and non-current secured liabilities			
Business loans		1,360,574	2,228,918
Government Loan		500,000	-
Other loans		28,414	72,149
		1,888,988	2,301,067
(b) Carrying amounts of non-current assets pledged as security			
Freehold land	8	241,843	241,843
Buildings and freehold improvements	8	3,527,320	3,218,725
Plant and equipment	8	1,053,061	1,086,476
Investment property	9	1,070,997	1,093,702
		5,893,221	5,640,746
(c) Financial assets pledged as security			
Financial assets that have been pledged as part of the collateral for the benefit of the bank loan are as follows:			
Cash and cash equivalents	4	957,895	224,766
Trade and other receivables	5	5,812	118,433
		963,707	343,199

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 12 Borrowings (continued)

(d) Collateral Provided

Business Loans

Business loans are drawn as the primarily source of long term finance. The business loans are interest only and the term of each facility is 5 years, expiring 12 March 2024. The interest rates on the business loans are a combination of fixed and variable rates.

The Company's banker, Commonwealth Bank of Australia, has a registered first mortgage over the freehold property situated at 1 Woodford Road North Haven, registered first mortgage over the Haven Waters Motel freehold property situated at 9 The Parade North Haven and a registered first equitable mortgage over the whole of the assets and undertakings of the Company including uncalled capital. The first equitable mortgage, which is also held over the Company's liquor licence, secures current and future borrowings of the Company.

Other Loans

Other loans are secured and comprise of finance contracts for the purchase of poker machines with terms of 1 to 3 years. The loans are interest free.

Government Loan

The Special Disaster Bushfire Recovery loan, with a term of 10 years, was provided by the New South Wales Rural Assistance Authority and is secured by a registered second mortgage over the freehold land of the Company. The loan is interest free for the first 2 years and then will be charged at 50 percent of the 10-year Commonwealth Bond rate average from 1 April to 30 June of the preceding financial year.

Note 13 Provisions

	Employee benefits	Total
	\$	\$
Opening balance at 1 June 2020	376,792	376,792
Additional provisions	164,565	164,565
Utilised during the period	(81,758)	(81,758)
Balance at 31 May 2021	459,599	459,599

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Analysis of Total Provisions

Employee benefits

	2021	2020
	\$	\$
Current	413,318	340,659
Non-current	46,281	36,133
	<u>459,599</u>	<u>376,792</u>

Provision for Employee Benefits

Provision for employee benefits represent amounts accrued for annual leave, vested personal leave and long service leave.

The current portion for the provision includes the total amount accrued for annual leave entitlements, personal leave entitlements and amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service.

These amounts are classified as current liabilities since the Company does not have an unconditional right to defer settlement of these amounts in the event employees wish to use their entitlement.

The non-current portion of this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 14 Other liabilities

Other income in advance	16,600	6,892
	<u>16,600</u>	<u>6,892</u>

Note 15 Capital Expenditure Commitments

Capital expenditure commitments contracted for:

Building and improvements	200,988	-
Plant and equipment	82,765	-
	<u>283,753</u>	<u>-</u>
Payable:		
- not later than 12 months	226,277	-
- between 12 months and 5 years	57,476	-
	<u>283,753</u>	<u>-</u>

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 16 Contingent Liabilities

The Company has a bankers' guarantee for the TAB for \$5,000. The guarantee is secured by mortgage over the Company's premises. The guarantee is only payable in the event of economic loss to the TAB caused by the Company's staff. To date there has been no event or events that would require the guarantee to be called upon.

Note 17 Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of that entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The aggregate compensation of key management personnel during the year comprising amounts paid or payable or provided for was as follows:

	2021	2020
	\$	\$
Short-term employee benefits	146,885	186,848
Post-employment benefits	13,921	29,879
Other long-term benefits	2,420	3,293
Termination benefits	-	29,787
	<u>163,226</u>	<u>249,807</u>

Note 18 Other Related Party Transactions

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

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2021

Note 19 Financial Risk Management

Financial Risk Management Policies

The Company's financial instruments consist mainly of cash and cash equivalents, deposits with banks, accounts receivable and payable, bank loans and other borrowings.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements are as follows:

	Note	2021 \$	2020 \$
Financial Assets:			
Financial Assets at Amortised Cost			
Cash and cash equivalents	4	957,895	224,766
Trade and other receivables	5	5,812	118,433
Total Financial Assets		963,707	343,199
Financial Liabilities:			
Financial Liabilities at Amortised Cost			
Trade and other payables	11	514,020	324,629
Bank loans	12	1,360,574	2,228,918
Other loans	12	28,414	72,149
Government loan	12	500,000	-
Total Financial Liabilities		2,403,008	2,625,696

(a) Net Fair Values

The net fair values of financial assets and financial liabilities approximates their carrying values. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Note 20 Company Details

Registered Office

The registered office and principal place of business of the company is:

North Haven Bowling and Recreation Club Limited
1 Woodford Road
North Haven NSW 2443

North Haven Bowling & Recreation Club Limited

ABN 20 001 045 969

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of North Haven Bowling & Recreation Club Limited, the Directors of the Company declare that:

1. the financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the financial statements, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position of the Company as at 31 May 2021 and of its performance for the year ended on that date.
2. in the Directors' opinion, there are reasonable grounds to believe that the Company 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 Board of Directors.

Director:.....

Terry KING

Dated: 16 July 2021

PARTNERS

Robert Magnussen B Bus FCA
Paul Fahey B Bus CA
Rodney Smith B Fin Admin FCA
Bart Lawler B Com CA
Patrick Brennan B Com CA
Alison McKinnon B Bus CA

Independent Auditor's Report

To the Members of North Haven Bowling and Recreation Club Limited

Opinion

We have audited the financial report of North Haven Bowling and Recreation Club Limited, which comprises the Statement of Financial Position as at 31 May 2021, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In our opinion, the accompanying financial report of North Haven Bowling and Recreation Club Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 May 2021 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*

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 Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 May 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PARTNERS

Robert Magnussen B Bus FCA
Paul Fahey B Bus CA
Rodney Smith B Fin Admin FCA
Bart Lawler B Com CA
Patrick Brennan B Com CA
Alison McKinnon B Bus CA

Independent Auditor's Report

To the Members of North Haven Bowling and Recreation Club Limited

Responsibilities of the Directors for the Financial Report

The Directors of the Company 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 *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of a 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

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 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

PARTNERS

Robert Magnussen B Bus FCA
Paul Fahey B Bus CA
Rodney Smith B Fin Admin FCA
Bart Lawler B Com CA
Patrick Brennan B Com CA
Alison McKinnon B Bus CA

Independent Auditor's Report

To the Members of North Haven Bowling and Recreation Club Limited

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

NorthCorp Accountants



Rodney Smith
Partner

**10-12 Short Street
Port Macquarie NSW 2444**

Dated: 16 July 2021