

**Heaton Birmingham Gardens
Bowling Club Limited**

ACN 000 989 168

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

Heaton Birmingham Gardens Bowling Club Limited ACN 000 989 168

Annual financial report for the year ended 31 March 2020

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These financial statements are the financial statements of Heaton Birmingham Gardens Bowling Club Limited. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 25 May 2020. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Heaton Birmingham Gardens Bowling Club Limited (the Club) for the year ended 31 March 2020.

Directors details

The following persons were Directors of Heaton Birmingham Gardens Bowling Club Limited during the financial year, and up to the date of this report:

Mr William Johnson

Chairperson
Director since 2016

A Foreman Boilermaker, also worked as a site supervisor. Has been approved for working with children and has a first aid certificate

Ms Pam Steel

Director
Director since 2017

Retired. Worked for 25 years as a main cash office controller and section manager. Has completed courses in both 'Director foundation and management collaboration' and 'Finance for Club boards'

Mr Warren Steel

Director
Director since 2006

Worked as a leading hand and was in control of rostering of drivers as a supervisor of Linfox Transport

Mr Darren Kemp

Vice Chairperson
Director since 2018

Over 25 years experience as a Company Director.

Mr Russell Wilson

Vice Chairperson
Director since 2017

Retired. Worked as a paymaster at the Dockyard.

Mr Geoffrey Horton

Director
Director since 2020

Safe clerk with Western Suburbs Leagues Club for 15 years

Mrs Dawn Hardes

Director
Director since 2018

Catering / Tailoress

Mr Brian Boyce

Director
Director since 2020

Worked at Comsteel for 49 years as Electrical Superintendent and was in charge of maintenance, breakdowns and new works.

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 William Johnson	13	10	
Mr Warren Steel	13	12	
Mr Russell Wilson	13	13	
Mrs Dawn Hardes	13	11	
Ms Pam Steel	13	9	
Mr Darren Kemp	13	12	
Mr Brian Boyce	Appointed 16/06/19	10	9
Mr Geoffrey Horton	Appointed 16/06/19	10	10
Ms Barbara Hall	Resigned 16/06/19	3	1
Company Secretary			
Ms Marilyn Brown	Resigned 24/02/20	12	9
Mr Ian Taylor	Appointed 12/02/20	2	2

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 and non-core property:

Core - Leasehold property situated at 48 Mordue Parade, Jesmond.
Non-Core - Nil

Principal activities

During the year, the principal activities of the Club was the running of a licensed club for the benefit of its members and to meet the Club objectives under its constitution.

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

Long-term objectives

The Club's long-term objectives are to:

- Provide the best facilities available to members and their guests, including the promotion of the game of bowls.

Strategy for achieving short and long-term objectives

During the year the principal activities of the Club consisted of:

(a) Maintain or increase existing revenue levels and control costs to return to profitability which will allow the Company's premises to be continually improved.

These strategies are measured through both financial and non financial key performance indicators that have been developed relevant to the club industry.

Performance measurement

The Club measures its performance against industry benchmarks, gross profit percentage and wages to sales percentages to measure the financial performance of trading areas such as bar and gaming. The Club also uses EBITDA to measure the financial performance of the Club overall.

Contribution in winding up

The Club is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$4 each towards meeting any outstanding obligations of the Club. At 31 March 2020 the total amount that members of the Club are liable to contribute if the Club wound up is \$2,732 (2019: \$2,480).

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 section 307C of the Corporations Act 2001 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.



William Johnson - Director



Darren Kemp - Director

Dated: 25 May 2020

Auditor's independence declaration

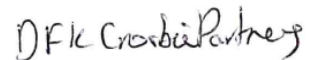
To the Directors of Heaton Birmingham Gardens Bowling Club Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Heaton Birmingham Gardens Bowling Club 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 section 307C of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

Dated: 25 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

	Notes	2020 \$	2019 \$
Revenue from continuing operations	2	783,288	860,231
Other Income	3	5,770	348
Bar cost of goods sold		(179,906)	(172,727)
Bar direct expenses		(161,844)	(156,160)
Gaming direct expenses		(25,178)	(27,161)
Green Expenses		(15,472)	(18,945)
Bowls Expenses		(87,865)	(84,215)
Members amenities		(13,133)	(22,881)
Clubhouse expenses		(136,665)	(204,026)
Administration expenses		(185,758)	(186,126)
		(805,821)	(872,241)
Profit / (loss) before income tax		(16,763)	(11,662)
Income tax expense		-	-
Profit / (loss) for the year		(16,763)	(11,662)
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		(16,763)	(11,662)

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	128,246	134,681
Trade receivables	5	3,700	2,945
Inventories	6	12,188	16,354
Financial assets at amortised cost	7	10,455	10,307
Other assets	8	10,502	19,737
Total current assets		165,091	184,024
Non-current assets			
Property, plant and equipment	9	290,218	314,534
Intangible assets	10	55,895	55,895
Right-of-use asset	11	79,257	-
Total non-current assets		425,370	370,429
Total assets		590,461	554,453
LIABILITIES			
Current liabilities			
Trade and other payables	12	45,323	52,102
Provisions	13	18,726	13,824
Other liabilities	14	2,946	19,512
Lease liabilities	11	12,221	-
Total current liabilities		79,216	85,438
Non-current liabilities			
Provisions	13	614	649
Lease liabilities	11	59,028	-
Total non-current liabilities		59,642	649
Total liabilities		138,858	86,087
Net assets		451,603	468,366
MEMBERS FUNDS			
Reserves		-	-
Retained profits		451,603	468,366
Total members funds		451,603	468,366

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

	Note	Retained Profits \$	Total \$
Balance at 1 April 2018		480,028	480,028
Profit for the year		(11,662)	(11,662)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(11,662)</u>	<u>(11,662)</u>
Balance at 31 March 2019		<u>468,366</u>	<u>468,366</u>
Profit for the year		(16,763)	(16,763)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(16,763)</u>	<u>(16,763)</u>
Balance at 31 March 2020		<u>451,603</u>	<u>451,603</u>

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	853,717	883,773
Payments to suppliers and employees	(813,591)	(873,083)
Interest received	270	518
Interest paid	-	(1,209)
Grants Received	-	66,514
Net cash inflow (outflow) from operating activities	40,396	76,513
Cash flows from investing activities		
Payments for property, plant and equipment	(35,842)	(43,286)
Proceeds from sale of property, plant and equipment	5,500	-
Transfer to/from interest bearing deposit	(148)	(307)
Net cash inflow (outflow) from investing activities	(30,490)	(43,593)
Cash flows from financing activities		
Repayment of lease liabilities	(16,341)	-
Net cash inflow (outflow) from financing activities	(16,341)	-
Net increase in cash and cash equivalents	(6,435)	32,920
Cash and cash equivalents at the beginning of the financial year	134,681	101,761
Cash and cash equivalents at the end of the financial year	128,246	134,681

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, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Heaton Birmingham Gardens Bowling Club Limited (the Club) is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

(b) Statement of compliance

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

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

(c) New and amended standards adopted by the Club

The Club has applied the following standards and amendments for the first time for their annual reporting period commencing 1 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 issues vouchers where customers can redeem the vouchers for discounted or free goods. The Club also 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 vouchers and the loyalty system 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.

Notes to the financial statements

For the year ended 31 March 2020

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

The adoption has impacted the annual financial report as follows:

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

- The recognition of right-of-use assets of \$95,109;
- The recognition of lease liabilities of \$85,109;
- The recognition of provision for make good of \$10,000;

(d) Going Concern Basis of Preparation

For the year ended 31 March 2020, Heaton Birmingham Gardens Bowling Club Limited incurred a net loss of \$16,763 (prior year net loss of \$11,662). Whilst the Club had a positive working capital of \$85,875 for the year, the Club has been impacted by the presence of COVID 19, which has required the Club to cease trading from 23 March 2020. With no definitive timeframe for a return to trading, uncertainty still exists as to the Club's ability to continue as a going concern.

Whilst considering the above, the Directors are of the opinion that the going concern basis upon which the financial report has been prepared is appropriate due to the following:

- (a) The Club is eligible to receive government stimulus in the form of JobKeeper payments and other financial support to assist in fixed expense payments and wages up until September 2020, following which the Club anticipates a return to trading.
- (b) The Club has cash and investment balances of \$138,701 at 31 March 2020.
- (c) The Club has prepared cashflow budgets which indicate that there are sufficient reserves to allow the Club to meet its existing obligations during the shutdown period and successfully reopen.
- (d) Where possible, the Club has sought reductions and/or deferrals from its suppliers to reduce the amount of fixed costs to a minimum.

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:

	Beverage Revenue \$	Gaming Revenue \$	Membership Revenue \$	Raffle Revenue \$	Bowls Revenue \$	Other Revenue \$	Total \$
2020							
Revenue from contracts with customers	410,595	216,446	12,240	44,084	24,427	35,737	743,529
Other revenue (not covered by AASB15)	-	14,317	-	-	-	25,442	39,759
	410,595	230,763	12,240	44,084	24,427	61,179	783,288
<i>Timing of revenue recognition</i>							
At a point in time	410,595	230,763	-	44,084	24,427	61,179	771,048
Over time	-	-	12,240	-	-	-	12,240
	410,595	230,763	12,240	44,084	24,427	61,179	783,288
2019							
Revenue from contracts with customers	418,281	241,888	12,936	43,928	28,079	31,425	776,537
Other revenue (not covered by AASB15)	-	17,180	-	-	-	66,514	83,694
	418,281	259,068	12,936	43,928	28,079	97,939	860,231
<i>Timing of revenue recognition</i>							
At a point in time	418,281	259,068	-	43,928	28,079	97,939	847,295
Over time	-	-	12,936	-	-	-	12,936
	418,281	259,068	12,936	43,928	28,079	97,939	860,231

(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 - beverage

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

(ii) 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.

(iii) Provision of services - membership revenue

The Club generates revenue from membership fees where customers purchase a membership subscription at the Club, with fees payable in advance. The period of membership is usually 1 April 2019 to 31 March 2020. Only those member fee receipts that are attributable to the current financial year are recognised as revenue.

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

Notes to the financial statements

For the year ended 31 March 2020

(c) Accounting policies and significant judgements (continued)

(iv) *Provision of services - raffle*

Raffle income 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 from rendering services from bowling activities to members and other patrons of the Club 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*

Grants and subsidies income from the Government Bodies, or any other funding body, are recognised at a point in time when the performance obligations included in the funding document have been satisfied.

All other revenue is recognised at a point in time when the performance obligations have been satisfied.

3 Other income and expense items

	2020 \$	2019 \$
(a) Other income		
Interest Income	270	348
Gain on disposal of fixed assets	5,500	-
	<u>5,770</u>	<u>348</u>

(i) *Other income*

The Club recognises other income when it becomes receivable.

(ii) *Interest income*

Interest income is recognised on an accruals basis.

(b) Other expenses

	\$	\$
Employee Wages and Salaries	222,202	213,489
Interest costs	2,481	1,209

4 Cash and cash equivalents

Current

Cash and cash equivalents	128,246	134,681
	<u>128,246</u>	<u>134,681</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

	2020 \$	2019 \$
Current		
Trade receivables	3,700	2,945
	<u>3,700</u>	<u>2,945</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.

Notes to the financial statements

For the year ended 31 March 2020

6 Inventories

	2020	2019
	\$	\$
Current		
Stock on hand - bar	12,188	16,354
	<u>12,188</u>	<u>16,354</u>

Accounting policy

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

7 Financial assets at amortised cost

	2020	2019
	\$	\$
Current		
Term deposits	10,455	10,307
	<u>10,455</u>	<u>10,307</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

	2020	2019
	\$	\$
Current		
Prepayments	10,502	19,737
	<u>10,502</u>	<u>19,737</u>

Accounting policy

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

9 Property, plant and equipment

	Leasehold Improvements	Plant and equipment	Poker Machine	Total
	\$	\$	\$	\$
Non-current assets				
At 1 April 2019				
Cost	1,241,116	658,751	258,975	2,158,842
Accumulated depreciation	1,072,630	526,634	245,044	1,844,308
Net book amount	<u>168,486</u>	<u>132,117</u>	<u>13,931</u>	<u>314,534</u>
Year ended 31 March 2020				
Opening net book amount	168,486	132,117	13,931	314,534
Additions	-	1,892	33,950	35,842
Disposals	-	-	-	-
Depreciation charge	26,871	19,206	14,081	60,158
Closing net book amount	<u>141,615</u>	<u>114,803</u>	<u>33,800</u>	<u>290,218</u>
Year ended 31 March 2020				
Cost	1,241,116	659,180	262,016	2,162,312
Accumulated depreciation	1,099,501	544,377	228,216	1,872,094
Net book amount	<u>141,615</u>	<u>114,803</u>	<u>33,800</u>	<u>290,218</u>

Notes to the financial statements

For the year ended 31 March 2020

9 Property, plant and equipment (continued)

Accounting policy

(a) Leasehold Improvements

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

(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 lesser of the lease term or the estimated useful life of the asset as follows:

Leasehold Improvements	10 - 20 years
Plant & Equipment	2.5 - 20 years
Poker Machines	2.5 - 5 years

(d) Impairment

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

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

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

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

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as a separate line item.

10 Intangible assets

	Poker machine entitlements \$	Total \$
Non-current assets		
As at 31 March 2019		
Cost	55,895	55,895
Accumulated amortisation	-	-
Net book amount	55,895	55,895
As at 31 March 2020		
Cost	55,895	55,895
Accumulated amortisation	-	-
Net book amount	55,895	55,895

Accounting policy

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

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

Notes to the financial statements

For the year ended 31 March 2020

11 Leases

2020
\$ **2019**
\$

The Club leases Land where the Club Buildings are situated.

a) Right-of-use asset

Non-current

Right-of-use assets

79,257 -

Reconciliation of right-of-use assets

2020

At 1 April 2019

Additions

Disposals

Transfers

Amortisation

31 March 2020

	Club Land	2020 Total	2019 Total
	\$	\$	\$
At 1 April 2019	95,109	95,109	-
Additions	-	-	-
Disposals	-	-	-
Transfers	-	-	-
Amortisation	15,852	15,852	-
31 March 2020	79,257	79,257	-

b) Lease liabilities

Current

Lease liabilities

Non-current

Lease liabilities

Total

Lease liabilities	12,221	12,221	-
Lease liabilities	59,028	59,028	-
Total	71,249	71,249	-

Reconciliation of lease liabilities

2020

At 1 April 2019

Additions

Interest expense

Lease payments

Net movement during year

31 March 2020

	Club Land	Total	Total
	\$	\$	\$
At 1 April 2019	85,109	85,109	-
Additions	-	-	-
Interest expense	2,481	2,481	-
Lease payments	16,341	16,341	-
Net movement during year	71,249	71,249	-

Accounting policy

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- an estimate of costs to be incurred in dismantling and removing the underlying asset;
- any initial direct costs incurred;

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Club's incremental borrowing rate. The weighted average incremental borrowing rate is 4.00%.

Notes to the financial statements

For the year ended 31 March 2020

11 Leases (continued)

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

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

Reconciliation of lease liabilities at 1 April 2019

	Club Land	Total
	\$	\$
Financial liabilities as at 1 April 2019	96,502	96,502
Discounting	25,253	25,253
Lease liabilities as a result of the initial application of AASB 16	<u>71,249</u>	<u>71,249</u>

Lessor

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

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

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

12 Trade and other payables

	2020	2019
	\$	\$
Current		
Trade payables	35,721	27,967
Other payables and accruals	5,790	18,167
GST payable	3,812	5,968
	<u>45,323</u>	<u>52,102</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.

Notes to the financial statements

For the year ended 31 March 2020

13 Provisions

	2020	2019
	\$	\$
Current		
Employee entitlements (i) & (ii)	8,726	6,201
Jackpots	-	7,623
Provision for make good	10,000	-
	<u>18,726</u>	<u>13,824</u>
Non-current		
Employee entitlements (ii)	614	649
	<u>614</u>	<u>649</u>

Accounting policy

(i) *Annual leave*

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

(ii) *Long service leave*

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

(iii) *Provision for Make Good*

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

14 Other liabilities

	2020	2019
	\$	\$
Current		
Contract liabilities - membership income	2,946	7,389
Other liabilities	-	12,123
	<u>2,946</u>	<u>19,512</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.

15 Contingent liabilities

	2020	2019
	\$	\$
Bank guarantee substituting for a security deposit for TAB facilities	<u>5,000</u>	<u>5,000</u>

16 Related parties

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

(a) *Key management personnel compensation*

	2020	2019
	\$	\$
Total key management personnel benefits	<u>9,358</u>	<u>-</u>

Notes to the financial statements

For the year ended 31 March 2020

17 Critical accounting estimates and judgements

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

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

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

- Estimation of useful lives of non-current assets (notes 9, 10) - The useful life of property, plant and equipment and right-of-use assets (where useful life is greater than the lease term) is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence. The useful life of poker machine entitlements classified as an intangible asset has been assessed as indefinite. There is uncertainty in relation to this assumption as it is based on current legislation and conditions attached to the entitlements. The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.
- Estimation of provision for make good (note 13) - there is estimation uncertainty in relation to a number of components when assessing the measurement of the provision for make good including but not limited to the condition required to restore the premises to, the extent of assets required to be removed and the timing of the cash outflows to satisfy these. The current measurement of the provision for make good represents the Club's best estimate of these components.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 19 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (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.



William Johnson - Director



Darren Kemp - Director

Jesmond
25 May 2020

Independent auditor's report to the members of Heaton Birmingham Gardens Bowling Club Limited

Opinion

We have audited the financial report of Heaton Birmingham Gardens Bowling Club 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 Corporations Act 2001 including:

- (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) complying with Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Club in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(d) in the financial report, which indicates that the Club incurred a net loss of \$16,763 for the year ended 31 March 2020. As stated in Note 1(d), these events or conditions, along with other matters set forth in Note 1(d) (including the impact of COVID-19 on the Club), indicate that a material uncertainty exists that may cast significant doubt on the Club's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Corporations Act 2001 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.

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

25 May 2020
Newcastle