



PREPARED FOR

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**Kurri Kurri Bowling Club Limited**

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Financial Report

For the year ended 31 May 2018

**KURRI KURRI BOWLING CLUB LIMITED****(ABN 32 000 796 501)****FINANCIAL REPORT  
FOR THE YEAR ENDED 31 MAY 2018****CONTENTS**

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The financial report was authorised for issue by the Directors on 9 August 2018. The Company has the power to amend and re-issue the financial report.

**KURRI KURRI BOWLING CLUB LIMITED**  
**(ABN 32 000 796 501)**

**DIRECTORS' REPORT**

Your Directors presents their report for the financial year ended 31 May 2018.

**1. The names of the Directors in office at the date of this report are:**

| Name       | Occupation/Qualifications | Position           | Years service as a Director of the Company |
|------------|---------------------------|--------------------|--|
| P Gillon   | Retired                   | President          | 17   |
| D Bower    | Retired                   | Snr Vice President | 8  |
| I Brown    | Retired                   | Jnr Vice President | 18   |
| J Lavender | Retired                   | Treasurer          | 16   |
| J Neild    | Clerical Assistant        | Director           | 22   |
| J McKerrow | Retired                   | Director           | 11   |
| B Hampton  | Retired                   | Director           | 7  |
| G Hogan    | Retired                   | Director           | 5  |
| P Shaw     | Retired                   | Director           | 5  |

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

**2. Activities**

The principal activities of the Company in the course of the financial year ended 31 May 2018 were the running of the Club in accordance with its objectives for the benefit of its members.

**3. Objectives of the Club**

The Club's short and long term objectives are to;

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

To achieve these objectives the Club has adopted the following strategies;

Maintain or increase existing revenue levels and control costs to return to profitability which will allow the Club'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.

**4. Results**

The net result of operations after applicable income tax was a profit of \$246,676 (2017 loss of \$323,817).

**5. Events Subsequent to Balance Date**

Since the end of the financial year the Directors are not aware of any matters or circumstances not otherwise dealt with in the report or accounts that has significantly or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club in subsequent financial years.

**6. Likely Developments and Expected Results**

No new developments are anticipated in the operations of the Club, with continued growth in revenue levels and controlling of costs where possible. The Board is continuing to assess the needs of members and the community to provide the best possible facilities.

**7. Indemnifying Officer or Auditor**

The Club has not during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company indemnified or made any relevant agreements for indemnifying against a liability incurred as an officer, including costs expenses in successfully defending legal proceedings.

During the financial year, the Company has paid a premium in respect of a contract of insurance insuring Directors and Officers (including former and future Directors and Officers) against certain liabilities incurred in that capacity.

Disclosure of the total amount of premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of the insurance.

**KURRI KURRI BOWLING CLUB LIMITED**  
**(ABN 32 000 796 501)**

**DIRECTORS' REPORT (Cont.)**

**8. Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 31 May 2018 has been received and can be found on page 4 of the financial report.

**9. Environmental Regulations**

The Club's operations are subject to various environmental regulations under both Commonwealth and State Legislations. The Directors are not aware of any breaches of the legislation during the financial year, which are material in nature.

**10. Company Secretary**

The Company Secretary is Mr Peter Fairburn. Mr Fairburn has been an employee of Kurri Kurri Bowling Club Limited since December 2017.

**11. Dividends**

The Company being a non-profit organisation is prevented from paying dividends by it's constitution.

**12. Meeting Attendances**

The number of Board meetings held during the financial year ended 31 May 2018 was 13 Board meetings. The details of each Directors attendances at those meetings is given below:

| <u>Director</u> | <u>Attended</u> | <u>Eligible to Attend</u> |
|-----------------|-----------------|---------------------------|
| P Gillion       | 10              | 13                        |
| D Bower         | 13              | 13                        |
| I Brown         | 11              | 13                        |
| J Lavender      | 12              | 13                        |
| J Neild         | 12              | 13                        |
| J McKerrow      | 13              | 13                        |
| B Hampton       | 12              | 13                        |
| G Hogan         | 10              | 13                        |
| P Shaw          | 13              | 13                        |

**13. Property Report**

The Directors have determined that all property of the Club shall be classified as follows in accordance with Section 41J of the Registered Clubs Act 1976.

Core Property - Club Property Tarro Street, Kurri Kurri.

**14. Limited by Guarantee**

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 \$2 each towards meeting any obligations of the Club. At 31 May 2018 the collective liability of members was \$5,348.

Signed in accordance with a resolution of the Board of Directors



Director



Director

**Dated: 9 August 2018**



**KURRI KURRI BOWLING CLUB LIMITED**  
**(ABN 32 000 796 501)**

**AUDITOR'S INDEPENDENCE DECLARATION**  
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**  
**TO THE DIRECTORS OF**  
**KURRI KURRI BOWLING CLUB LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31 May 2018 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Shaun Mahony - Partner

DFK Crosbie Partners  
Chartered Accountants

**Dated: 9 August 2018**  
**Warabrook**

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**KURRI KURRI BOWLING CLUB LIMITED**  
**(ABN 32 000 796 501)**  
**INDEPENDENT AUDIT REPORT TO MEMBERS**

To the Members of Kurri Kurri Bowling Club Limited

**Report on the Financial Report**

We have audited the financial report of Kurri Kurri Bowling Club Limited (the Company), which comprises the statement of financial position as at 31 May 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, including a summary of significant accounting policies, other explanatory notes and the directors' declaration.

In our opinion, the accompanying financial report of Kurri Kurri Bowling Club Limited is in accordance with the Corporation Act 2001, including:

- (i) giving a true and fair view of Company's financial position as at 31 May 2018 and of its performance for the year then ended; and
- (ii) 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 audit opinion.

**Emphasis of Matter**

We draw your attention to Note 5 of the financial report, which details the payment of unsubstantiated expenses and falsified invoices in the financial records. Our opinion is not modified in respect of this matter.

**Other Matter**

The financial report of the Company for the year end 31 May 2017 was audited by another auditor who expressed an unmodified opinion on that financial report on 6 May 2018.

**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 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 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.

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**KURRI KURRI BOWLING CLUB LIMITED**  
**(ABN 32 000 796 501)**  
**INDEPENDENT AUDIT REPORT TO MEMBERS**

**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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our audit report.

A handwritten signature in black ink, appearing to read 'Shaun Mahony'.

Shaun Mahony - Partner

A handwritten signature in black ink that reads 'DFK Crosbie Partners'.

DFK Crosbie Partners  
Chartered Accountants

**Dated: 9 August 2018**  
**Warabrook**

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**KURRI KURRI BOWLING CLUB LIMITED**  
**(ABN 32 000 796 501)**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages 8 to 18 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements, and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the financial position of the Company as at 31 May 2018 and of its performance, for the year ended on that date.
- 2 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 and signed for on behalf of the Directors by:



Director



Director

**Dated: 9 August 2018**



**KURRI KURRI BOWLING CLUB LIMITED**  
**(ABN 32 000 796 501)**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MAY 2018**

|                                      | Note | 2018<br>\$       | 2017<br>\$       |
|--------------------------------------|------|------------------|------------------|
| <b>CURRENT ASSETS</b>                |      |                  |                  |
| Cash and Cash Equivalents            | 6    | 120,433          | 72,012           |
| Receivables                          | 7    | 10,872           | 9,632            |
| Inventories                          | 8    | 68,679           | 73,800           |
| Other Assets                         | 9    | 19,741           | 18,249           |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>219,725</b>   | <b>173,693</b>   |
| <b>NON-CURRENT ASSETS</b>            |      |                  |                  |
| Property, Plant and Equipment        | 10   | 4,561,024        | 5,037,146        |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>4,561,024</b> | <b>5,037,146</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>4,780,749</b> | <b>5,210,839</b> |
| <b>CURRENT LIABILITIES</b>           |      |                  |                  |
| Trade and Other Payables             | 11   | 479,867          | 498,000          |
| Borrowings                           | 12   | 629,334          | 1,125,229        |
| Provisions                           | 13   | 306,464          | 316,661          |
| Other Liabilities                    | 14   | 12,155           | 3,299            |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>1,427,820</b> | <b>1,943,189</b> |
| <b>NON-CURRENT LIABILITIES</b>       |      |                  |                  |
| Provisions                           | 13   | 31,346           | 81,897           |
| Borrowings                           | 12   | 27,106           | 137,952          |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>58,452</b>    | <b>219,849</b>   |
| <b>TOTAL LIABILITIES</b>             |      | <b>1,486,272</b> | <b>2,163,038</b> |
| <b>NET ASSETS</b>                    |      | <b>3,294,477</b> | <b>3,047,801</b> |
| <b>MEMBERS' FUNDS</b>                |      |                  |                  |
| Accumulated Profit                   |      | 3,294,477        | 3,047,801        |
| <b>TOTAL MEMBERS' FUNDS</b>          |      | <b>3,294,477</b> | <b>3,047,801</b> |

To be read in conjunction with the attached notes to the Financial Statements

**KURRI KURRI BOWLING CLUB LIMITED**  
**(ABN 32 000 796 501)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MAY 2018**

|  | Note     | 2018<br>\$       | 2017<br>\$       |
|--|----------|------------------|------------------|
| Bar Sales                                  |          | 1,133,826        | 1,124,134        |
| Catering Sales                             |          | 944,032          | 1,015,438        |
| Gaming Net Revenue                         |          | 3,407,550        | 3,766,712        |
| Bowls Sales                                |          | 19,141           | 9,415            |
| Other Income                               |          | 269,570          | 239,145          |
| Insurance Recoveries                       |          | 250,000          | 3,399            |
| <b>Total Trading and Other Income</b>      | <b>3</b> | <b>6,024,119</b> | <b>6,158,243</b> |
| <b>Expenses</b>                            |          |                  |                  |
| Bar Cost of Goods Sold                     |          | 480,731          | 474,081          |
| Bar Direct Expenses                        |          | 244,544          | 245,056          |
| Catering Cost of Goods Sold                |          | 417,251          | 408,007          |
| Catering Direct Expenses                   |          | 609,087          | 578,829          |
| Gaming Direct Expenses                     |          | 1,208,472        | 1,295,122        |
| Bowls Direct Expenses                      |          | 273,697          | 331,179          |
| Administration and Clubhouse Expenses      |          | 2,410,047        | 2,548,332        |
| Finance Costs                              |          | 71,094           | 102,779          |
| Unsubstantiated Expenses                   | <b>5</b> | 62,520           | 498,675          |
| <b>Total Expenses</b>                      | <b>4</b> | <b>5,777,443</b> | <b>6,482,060</b> |
| <b>Net Profit/(Loss) Before Income Tax</b> |          | <b>246,676</b>   | <b>(323,817)</b> |
| <b>Income Tax Expense</b>                  | <b>1</b> | <b>-</b>         | <b>-</b>         |
| <b>Net Profit/(Loss) After Income Tax</b>  |          | <b>246,676</b>   | <b>(323,817)</b> |
| <b>Other Comprehensive Income</b>          |          | <b>-</b>         | <b>-</b>         |
| <b>Total Comprehensive Income/(Loss)</b>   |          | <b>246,676</b>   | <b>(323,817)</b> |

To be read in conjunction with the attached notes to the Financial Statements

**KURRI KURRI BOWLING CLUB LIMITED**  
**(ABN 32 000 796 501)**

**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 MAY 2018**

| Note  | 2018<br>\$       | 2017<br>\$       |
|---|------------------|------------------|
| <b>Cash Flows from Operating Activities</b>                             |                  |                  |
| Receipts from Members and Guests  | 6,624,898        | 6,389,929        |
| Payments to Suppliers and Employees                                     | (5,867,530)      | (5,986,693)      |
| Interest Received   | -                | 64               |
| Interest and Finance Costs Paid   | (71,094)         | (102,779)        |
| <i>Net Cash Flows provided by (used in) Operating Activities</i>        | <u>686,274</u>   | <u>300,521</u>   |
| <b>Cash Flows from Investing Activities</b>                             |                  |                  |
| Proceeds from Sale of Plant and Equipment                               | -                | 11,000           |
| Payments for Property, Plant and Equipment                              | (31,112)         | (110,034)        |
| <i>Net Cash Flows provided by (used in) Investing Activities</i>        | <u>(31,112)</u>  | <u>(99,034)</u>  |
| <b>Cash Flows from Financing Activities</b>                             |                  |                  |
| Proceeds from Borrowings  | -                | 84,418           |
| Repayment of Borrowings   | (434,271)        | (560,120)        |
| <i>Net Cash Flows provided by (used in) Financing Activities</i>        | <u>(434,271)</u> | <u>(475,702)</u> |
| <b>Net Increase/(Decrease) in Cash Held</b>                             | 220,891          | (274,215)        |
| <b>Cash and Cash Equivalents at the Beginning of the Financial Year</b> | <u>(100,458)</u> | <u>173,757</u>   |
| <b>Cash and Cash Equivalents at the End of the Financial Year</b>       | <u>120,433</u>   | <u>(100,458)</u> |

To be read in conjunction with the attached notes to the Financial Statements

**KURRI KURRI BOWLING CLUB LIMITED**  
**(ABN 32 000 796 501)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MAY 2018**

|                               | <b>RETAINED EARNINGS</b> | <b>TOTAL</b> |
|-------------------------------|--------------------------|--------------|
|                               | <b>\$</b>                | <b>\$</b>    |
| <b>Balance at 1 June 2016</b> | 3,371,618                | 3,371,618    |
| Net profit after income tax   | (323,817)                | (323,817)    |
| <b>Balance at 31 May 2017</b> | 3,047,801                | 3,047,801    |
| Net profit after income tax   | 246,676                  | 246,676      |
| <b>Balance at 31 May 2018</b> | 3,294,477                | 3,294,477    |

**KURRI KURRI BOWLING CLUB LIMITED**  
**(ABN 32 000 796 501)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2018**

**1 Statement of Significant Accounting Policies**

**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. Kurri Kurri Bowling Club Limited is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

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

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Statement of Compliance**

The financial report complies with Australian Accounting Standards - Reduced Disclosure Standards as issued by the Australian Accounting Standards Board (AASB), being AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

**Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales revenue comprises the revenue earned from the provision of products or services to entities outside the Company.

Revenue from membership fees is recognised upon receipt of monies for the period to which the payment relates.

Interest income is recognised as it accrues.

The profit or loss on disposal of assets is brought to account at the date an unconditional contract is signed.

Other revenue is recognised as it accrues.

**Income Tax**

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

**Inventories**

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

**Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset or a diminishing value basis as follows:

|                          |               |
|--------------------------|---------------|
| Buildings & Improvements | 5 to 40 years |
| Plant & Equipment        | 4 to 40 years |
| Poker Machines           | 4 years       |

*Impairment*

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

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

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

The recoverable amount of property, 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 Company 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.

**KURRI KURRI BOWLING CLUB LIMITED**  
**(ABN 32 000 796 501)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2018**

**Borrowing Costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

**Trade Debtors and Other Receivables**

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost, less any impairment losses. Trade receivables are due within 30 days from the date of recognition. The recoverability of trade debtors is reviewed regularly, with any uncollectible debts written off.

**Cash and Cash Equivalents**

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.

**Employee Benefits**

*Short Term*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

*Other Long Term*

The liabilities for long service leave and annual 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.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

**Accounts Payable**

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days.

**Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The amount of GST recoverable or payable to the ATO is included as a current asset or current liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

**Comparatives**

Comparative information has been adjusted to reflect current year disclosures.

**Deficiency in Working Capital**

The Company has a deficiency in working capital with current assets of \$219,725 compared to current liabilities of \$1,472,820 representing a deficiency in working capital of \$1,208,095 (2017: \$1,769,496). Current liabilities includes;

- a) the entire NAB Loan being \$520,000 which is included as a current liability as the Club does not have an unconditional right to defer settlement for a period of at least 12 months, however the Directors do not expect to be required to repay the full drawn amount on the facility within the next 12 months.
- b) employee leave entitlements of \$306,464 which is included as a current liability, however the Directors do not expect to be required to settle the full amount owing to employees within the next 12 months.

The Directors have formed the opinion that the going concern basis is appropriate, given the following:

- a) The Club has recorded a net profit of \$246,676 and positive operating cashflows of \$6826,274 in the current year.
- b) The Directors' consider that trading conditions will continue to remain strong, while continued controlling of costs is also anticipated and it is expected the Club will generate sufficient cashflow to cover immediate obligations.
- c) The Club has access to an overdraft facility of \$200,000 which is available to meet short term cash requirements.
- d) The Club has access to an asset financing facility of \$530,000 of which approximately \$400,000 is unused at year end which could be utilised for investment in property, plant and equipment to ensure the club remains an attractive venue for patrons.
- e) The Club expects to continue to receive support from its financiers and suppliers.

**KURRI KURRI BOWLING CLUB LIMITED**  
**(ABN 32 000 796 501)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2018**

**2 Significant Accounting Judgements, Estimates and Assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Significant accounting estimates and assumptions**

*Useful lives of non-current assets*

The useful life of Property, Plant and Equipment 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 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.

*Impairment of non-current assets*

Impairment testing of non-current assets is performed where indicators of impairment exist. In assessing impairment, estimates are made of the recoverable amount of each asset or cash generating unit based on discounted expected future cash flows discounted or estimated replacement cost. Estimation uncertainty exists in relation to assumptions regarding future operating results and cash flows, determination of an appropriate discount rate and estimated current replacement cost of the asset.

**3 Revenue and Other Income**

|                                | <b>2018</b> | <b>2017</b> |
|--------------------------------|-------------|-------------|
|                                | \$          | \$          |
| <b>Operating revenue</b>       |             |             |
| Bar Sales                      | 1,133,826   | 1,124,134   |
| Catering Sales                 | 944,032     | 1,015,438   |
| Poker Machine Revenue          | 3,283,368   | 3,612,175   |
| Gaming tax subsidy             | 17,180      | 17,180      |
| TAB & Keno Commission          | 107,002     | 126,357     |
| Bowls Income                   | 19,141      | 9,415       |
| Raffle & Bingo Income          | 205,459     | 175,165     |
| Other                          | 64,111      | 63,916      |
|                                | 5,774,119   | 6,143,780   |
| <b>Other income</b>            |             |             |
| Interest Received              | -           | 64          |
| Profit on Sale of Fixed Assets | -           | 11,000      |
| Insurance Recoveries           | 250,000     | 3,399       |
|                                | 250,000     | 14,463      |
|                                | 6,024,119   | 6,158,243   |

**KURRI KURRI BOWLING CLUB LIMITED**  
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**FOR THE YEAR ENDED 31 MAY 2018**

|          |  | 2018      | 2017      |
|----------|--|-----------|-----------|
|          |  | \$        | \$        |
| <b>4</b> | <b>Operating Profit</b>  |           |           |
|          | Operating profit before income tax is arrived at after crediting and charging the following specific items:-   |           |           |
|          | <b>Credits</b>   |           |           |
|          | Interest Received / Receivable   | -         | 64        |
|          | Profit on Sale of Assets   | -         | 11,000    |
|          | <b>Charges</b>   |           |           |
|          | Depreciation   |           |           |
|          | Club Land & Buildings  | 156,346   | 156,397   |
|          | Plant & Equipment  | 106,769   | 140,562   |
|          | Poker Machines   | 244,119   | 252,163   |
|          | Total Depreciation & Amortisation  | 507,234   | 549,122   |
|          | Interest and Finance Costs   | 71,094    | 102,779   |
|          | Employee Benefits  |           |           |
|          | - Wages  | 1,817,457 | 1,835,699 |
|          | - Superannuation   | 203,933   | 194,740   |
|          |  | 2,021,390 | 2,030,439 |
| <b>5</b> | <b>Unsubstantiated Expenses</b>  |           |           |
|          | The directors were advised by the previous auditor during the prior year audit process that a number of unsubstantiated expenses recorded in the Club's financial records had been identified. The total amount of unsubstantiated expenses identified in the current year is \$62,520. There were also a number identified in prior years, with an estimated \$498,675 in the year end 31 May 2017. The Club has advised the authorities and its insurers, and a police investigation is in process. The Club lodged an insurance claim in relation to the losses incurred as a result of these unsubstantiated expenses and received an insurance recovery of \$250,000 in the current year. |           |           |
| <b>6</b> | <b>Cash and Cash Equivalents</b>   |           |           |
|          | Cash at Bank and in Hand   | 120,433   | 72,012    |
|          |  | 120,433   | 72,012    |
| <b>7</b> | <b>Receivables</b>   |           |           |
|          | <b>Current</b>   |           |           |
|          | Receivables  | 10,872    | 9,632     |
|          |  | 10,872    | 9,632     |
| <b>8</b> | <b>Inventories</b>   |           |           |
|          | Stock on Hand - Bar  | 68,679    | 73,800    |
|          |  | 68,679    | 73,800    |
| <b>9</b> | <b>Other Assets</b>  |           |           |
|          | <b>Current</b>   |           |           |
|          | Prepayments  | 19,741    | 18,249    |
|          |  | 19,741    | 18,249    |



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**10 Property, Plant and Equipment**

|  | Club Land &<br>Buildings<br>\$ | Plant &<br>Equipment<br>\$ | Poker Machines<br>\$ | Total<br>\$      |
|--|--------------------------------|----------------------------|----------------------|------------------|
| <b>Year ended 31 May 2018</b>                |                                |                            |                      |                  |
| At 1 June 2017,                              |                                |                            |                      |                  |
| Net of Accumulated Depreciation/Amortisation | 4,112,089                      | 414,950                    | 510,107              | 5,037,146        |
| Additions                                    | -                              | 19,842                     | 11,270               | 31,112           |
| Less: Disposals                              | -                              | -                          | -                    | -                |
| Less: Depreciation/Amortisation              | 156,346                        | 106,769                    | 244,119              | 507,234          |
| At 31 May 2018                               |                                |                            |                      |                  |
| Net of Accumulated Depreciation/Amortisation | <u>3,955,743</u>               | <u>328,023</u>             | <u>277,258</u>       | <u>4,561,024</u> |
| <b>At 1 June 2017</b>                        |                                |                            |                      |                  |
| Cost or Fair Value                           | 6,350,699                      | 2,222,804                  | 1,900,206            | 10,473,709       |
| Accumulated Depreciation/Amortisation        | <u>2,238,610</u>               | <u>1,807,854</u>           | <u>1,390,099</u>     | <u>5,436,563</u> |
| Net Carrying Amount                          | <u>4,112,089</u>               | <u>414,950</u>             | <u>510,107</u>       | <u>5,037,146</u> |
| <b>At 31 May 2018</b>                        |                                |                            |                      |                  |
| Cost or Fair Value                           | 6,350,699                      | 2,242,646                  | 1,911,476            | 10,504,821       |
| Accumulated Depreciation/Amortisation        | <u>2,394,956</u>               | <u>1,914,623</u>           | <u>1,634,218</u>     | <u>5,943,797</u> |
| Net Carrying Amount                          | <u>3,955,743</u>               | <u>328,023</u>             | <u>277,258</u>       | <u>4,561,024</u> |
|  |                                | <b>2018</b>                |                      | <b>2017</b>      |
|  |                                | \$                         |                      | \$               |
| <b>11 Trade and Other Payables</b>           |                                |                            |                      |                  |
| <b>Current</b>                               |                                |                            |                      |                  |
| Trade Creditors                              |                                | 447,911                    |                      | 447,740          |
| GST Payable                                  |                                | 31,956                     |                      | 50,260           |
|  |                                | <u>479,867</u>             |                      | <u>498,000</u>   |
| <b>12 Borrowings</b>                         |                                |                            |                      |                  |
| <b>Current</b>                               |                                |                            |                      |                  |
| Bank Overdraft                               |                                | -                          |                      | 172,470          |
| NAB Loan                                     |                                | 520,000                    |                      | 756,790          |
| Hire Purchase Liability                      |                                | 94,556                     |                      | 127,048          |
| Lease Liability                              |                                | 14,778                     |                      | 68,921           |
|  |                                | <u>629,334</u>             |                      | <u>1,125,229</u> |
| <b>Non-Current</b>                           |                                |                            |                      |                  |
| Hire Purchase Liability                      |                                | 27,106                     |                      | 123,174          |
| Lease Liability                              |                                | -                          |                      | 14,778           |
|  |                                | <u>27,106</u>              |                      | <u>137,952</u>   |

The Club has an overdraft facility of \$200,000 with the NAB which remains unused as at 31 May 2018.

The hire purchase and finance lease are secured by the assets which were financed.

The Club has a business loan of \$520,000 with the NAB which is secured by:

- A First Registered Mortgage over non residential real property located at 3-7 Tarro St Pelaw Main NSW.
- A Security Interest and Charge over the whole of the assets and undertakings including uncalled capital of the Company.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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|           |  | 2018    | 2017     |
|-----------|--|---------|----------|
|           |  | \$      | \$       |
| <b>13</b> | <b>Provisions</b>  |         |          |
|           | <b>Current</b>   |         |          |
|           | Provision for Annual   | 148,360 | 191,438  |
|           | Provision for Long Service Leave   | 142,044 | 125,223  |
|           | Provision for Days in Lieu   | 16,060  | -        |
|           |  | 306,464 | 316,661  |
|           | <b>Non Current</b>   |         |          |
|           | Provision for Long Service Leave   | 31,346  | 81,897   |
|           |  | 31,346  | 81,897   |
| <b>14</b> | <b>Other Liabilities</b>   |         |          |
|           | <b>Current</b>   |         |          |
|           | Subscriptions in Advance   | 5,355   | 3,299    |
|           | Deposits in Advance  | 6,800   | -        |
|           |  | 12,155  | 3,299    |
| <b>15</b> | <b>Commitments for Expenditure</b>   |         |          |
|           | <b>a) Capital Commitments</b>  |         |          |
|           | The Club has the following capital commitments as at balance date:                         |         |          |
|           | Poker Machine  | 16,500  | -        |
|           |  | 16,500  | -        |
|           | <b>b) Expenditure Commitments</b>  |         |          |
|           | <i>Operating leases</i>  |         |          |
|           | Commitments in relation to non-cancellable operating leases are payable as follows:        |         |          |
|           | Within one year  | 31,500  | 30,914   |
|           | Later than one year but less than five years   | 31,852  | 42,174   |
|           |  | 63,352  | 73,088   |
|           | <i>Finance leases</i>  |         |          |
|           | Commitments in relation to finance leases are payable as follows:                          |         |          |
|           | Within one year  | 14,778  | 68,921   |
|           | Later than one year but less than five years   | -       | 14,778   |
|           | Minimum lease payments   | 14,778  | 83,699   |
|           | Future finance charges   | -       | -        |
|           | Total finance lease liabilities  | 14,778  | 83,699   |
|           | Lease liabilities are reflected in the Statement of Financial Position as follows:         |         |          |
|           | Within one year  | 14,778  | 68,921   |
|           | Later than one year but less than five years   | -       | 14,778   |
|           |  | 14,778  | 83,699   |
|           | <i>Hire Purchase Agreements</i>  |         |          |
|           | Commitments in relation to hire purchase agreements are payable as follows:                |         |          |
|           | Within one year  | 99,389  | 138,602  |
|           | Later than one year but less than five years   | 27,446  | 128,348  |
|           | Minimum hire purchase payments   | 126,835 | 266,950  |
|           | Future finance charges   | (5,173) | (16,728) |
|           | Total hire purchase liabilities  | 121,662 | 250,222  |
|           | Hire purchase liabilities are reflected in the Statement of Financial Position as follows: |         |          |
|           | Within one year  | 94,556  | 127,048  |
|           | Later than one year but less than five years   | 27,106  | 123,174  |
|           |  | 121,662 | 250,222  |

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**FOR THE YEAR ENDED 31 MAY 2018**

**17 Contingent Liabilities**

The Club has a bank guarantee for \$5,000 substituting for a security deposit relating to Club TAB facilities.

**18 Related Parties**

The names of persons who were directors of the Company at any time during the year are as they appear in the attached Directors' Report.

The Secretary Manager during the year was V. Dobing (resigned August 2017) and Peter Fairbairn (commenced December 2017).

The spouse and daughter of the previous Secretary Manager were employed by the Club on normal award terms and conditions.

The spouse and grandson of Director J Neilds were employed by the Club on normal award terms and conditions.

|   | <b>2018</b> | <b>2017</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| <b>Key Mangement Personnel</b>  |             |             |
| The following remuneration was provided to the key management personnel of the Company during the year: |             |             |
| Short term employment benefits  | 108,334     | 153,505     |
| Post employment benefits  | 10,296      | 20,398      |
| Long term employment benefits   | -           | -           |
|   | 118,630     | 173,903     |