

KURRI KURRI BOWLING CLUB

2019 ANNUAL REPORT



PRESIDENTS REPORT

The 2018/19 year has been one of the most successful years in the history of the Club. This is highlighted from the after tax profit of \$582,406.00.

This financial success has helped the Club survive a very rough period of time that could have seen the end of the Club. This sounds dramatic I know, but in a few short words I will explain. The Club was trading out of its redraw facility meaning it was trading on borrowed money to pay bills. An administrator was all but knocking on the front door from the legal implication of the Clubs misappropriated funds. Now as I have discovered in a very short time your Secretary Manager with the support of the Board was able to steady the ship, cut substantial over spending and expenses, increase trade and remove the need for an administrator. Our Secretary Manager worked closely with Liquor and Gaming to ensure the compliance of the Club was to standard to get us here 18 months later reporting a significant after tax profit. This hard work and even harder decisions were made to rectify our financial position and seen the Club come out the other side stronger than ever.

On a good note for Members, you will happily see the first of some changes being introduced to make your visitation an even better experience. The Club can now invest into the Club amenities which will see additions to your new furniture with new female and male toilets, new auditorium, new floorings and a brand new entry foyer.

For our Bowlers, what a year, Men's and Ladies Number 1 pennant flags for the Hunter as well our Number 3 Ladies Pennant team taking out a pennant flag. Our Bowls Co-Ordinator Nathan Dawson has had a history making season being the first to win all Zone titles in the singles, pairs, triples and fours as well the winning the Zone Champion of Champions singles and pairs. This achievement of all 6 zone titles has been achieved by one person in the same year before.

We continue to support a diverse range of community charity and sporting groups and are very proud to be helping the following groups to value of over \$50,000.00:

Kurri Kurri High School, Kurri Kurri Pre School, Hunter Life education, Northern NSW Helicopter Service, Youth off the Streets, The Reach Foundation, Kurri/Weston Cricket Club, Kurri Kurri RSL Sub Branch, Kurri Kurri Little Athletics, Kurri Kurri Junior Soccer, Kurri Kurri Junior Netball, Kurri Kurri Woman's Soccer, Kurri Kurri Junior & Senior Rugby League and the Nostalgia Festival.

We have fantastic Staff here at the Club with strong leadership from our CEO Peter Fairbairn and his management team. I thank all of them for their significant contribution to the success of the Club.

Finally, I thank on behalf of the Members, my fellow Directors for their diligent hard work and ongoing commitment to the Club. I believe that the future stability of the Board combined with that of the management of the Club will be a significant factor towards the future success of the Club for many years to come.

I believe that the Club has now built a strong foundation for us to build on the success of this year with the ongoing support of you our Members. I hope you are as proud of the Club as I am.



Greg Musgrove

President

SECRETARY MANAGERS REPORT

It is my privilege to report to Members that the Club has achieved an outstanding financial year. The Club has seen strong trade and growth in all areas resulting in an overall after tax result of \$582,706.00. This is \$336,030.00 better than the previous financial year. Remembering that last financial year saw the inclusion of the insurance cheque and the remainder of the misappropriated funds.

Whilst the audited financial statements (which are available online) provide more detailed information the table below highlights the positive headline key indicators:

	2019	2018	
Trading Surplus	\$582,706.00	\$246,676.00	+ \$336,030.00
Trading Revenues	\$6,679,702.00	\$6,024,119.00	+ \$655,583.00
EBITDA	\$1,071,448.00	\$825,005.00	+ \$246,443.00
EBITDA % of Revenue	16.1%	13.78%	+ 2.32%
Membership	5336	4927	+ 409

Our balance sheet is continuing to show a strengthening financial position with increased cash reserves. This has seen the Club pay off \$288,884 in repayments to the Clubs loans thus reducing our loan debt down to \$325,672.00 from \$614,556.00 the previous year.

On current payments the Club will clear current debt by the end of 2020. The Club is however looking at some much needed renovations in the coming months which will see Club borrowing to fulfill this commitment. This includes updating the ladies toilets throughout the Club as well as changing one of the toilet blocks to allow for better service. A new entry foyer will be included in the renovations and a badly needed new floor throughout the Club which will last for the next 50+ years.

It has been a great year for our Staff with their contribution of enthusiasm and customer service to meet your needs and even more their teamwork to ensure your experience with us is enjoyable. I also wish to acknowledge the stellar efforts of our management and administration team who often do much of the heavy lifting without the accolades – Thank You!

We are reaping the rewards from the great work that your Board have undertaken in recent times which is laying the platform for the years ahead. I would like to praise the Board of their unity and commitment in the stewardship of the Club and their ability to act in the best interests of all the Members. I wish to also express my gratitude to Greg Musgrove and fellow Directors for their guidance and support.

Finally, but most importantly I would like to thank you, our loyal Members, for your support over the past year. Whilst you have many choices we never take it for granted that you choose Kurri Kurri Bowling Club to spend your leisure time. Together with the balance of the team I look forward to seeing you at the Club again soon.

Sincerely



Peter Fairbairn

Secretary Manager

KURRI KURRI BOWLING CLUB LIMITED**(ABN 32 000 796 501)****FINANCIAL REPORT
FOR THE YEAR ENDED 31 MAY 2019****CONTENTS**

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The financial report was authorised for issue by the Directors on 23 July 2019. 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 2019.

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
G Musgrove	Appointed 16/09/18	Retired - Business Owner	President	-
P Shaw		Retired - Miner	Snr Vice President	6
I Mann	Appointed 16/09/18	Retired - Fitter	Jnr Vice President	-
D Bower		Retired - Miner	Director	9
K Fenwick	Appointed 16/09/18	Retired - School Teacher	Treasurer	-
R Manners	Appointed 16/09/18	Retired - Registered Nurse	Director	-
R Mulcahy	Appointed 16/09/18	Retired - Company Manager	Director	-
D Johns	Appointed 16/09/18	Retired - Accountant	Director	-

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 2019 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 \$582,706 (2018 profit of \$246,676).

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.

8. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 May 2019 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.

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

DIRECTORS' REPORT (Cont.)

12. Meeting Attendances

The number of Board meetings held during the financial year ended 31 May 2019 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 Gillon	Resigned 05/07/18	-	3
I Brown	Did not stand 16/09/18	3	3
J Lavender	Resigned 31/07/18	-	3
J Neild	Resigned 07/05/18	-	-
J McKerrow	Did not stand 16/09/18	3	3
B Hampton	Did not stand 16/09/18	3	3
G Hogan	Not re-elected 16/09/18	3	3
G Musgrove	Appointed 16/09/18	8	9
P Shaw		11	12
I Mann	Appointed 16/09/18	9	9
D Bower		7	12
K Fenwick	Appointed 16/09/18	8	9
R Manners	Appointed 16/09/18	9	9
R Mulcahy	Appointed 16/09/18	8	9
D Schofield	Appointed 16/09/18, Resigned 31/01/19	4	5
D Johns	Appointed 16/09/18	8	9

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 2019 the collective liability of members was \$10,642.

Signed in accordance with a resolution of the Board of Directors



G Musgrove - President



K Fenwick - Treasurer

Dated: 23 July 2019



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 2019 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.

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

Shaun Mahony - Partner

A handwritten signature in black ink, appearing to read 'DFK Crosbie Partners'.

DFK Crosbie Partners
Chartered Accountants

Dated: 23 July 2019
Warabrook

Newcastle

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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 2019 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cashflows 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 the Company's financial position as at 31 May 2019 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.

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 attached to the Company's financial report for the year ended 31 May 2019, but does not include the financial report and our auditor's report thereon. The other information provided at the date of this report comprises the Detailed Profit or Loss Statement.

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.

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.

Liability limited by a scheme approved under the Professional Standards Legislation

 A member firm of DFK International a worldwide association of independent accounting firms and business advisers

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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. This description forms part of our audit report.

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

Shaun Mahony - Partner

The logo for DFK Crosbie Partners, featuring the text 'DFK Crosbie Partners' in a stylized, handwritten font.

DFK Crosbie Partners
Chartered Accountants

Dated: 23 July 2019
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 in Australia, and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Company's financial position as at 31 May 2019 and of its performance, for the year ended.
- 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:



G Musgrove - President



K Fenwick - Treasurer

Dated: 23 July 2019

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

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MAY 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and Cash Equivalents	6	470,802	120,433
Trade Receivables	7	9,362	10,872
Inventories	8	75,120	68,679
Other Assets	9	19,045	19,741
TOTAL CURRENT ASSETS		574,329	219,725
NON-CURRENT ASSETS			
Property, Plant and Equipment	10	4,520,149	4,561,024
Intangible Assets	11	126,000	-
TOTAL NON-CURRENT ASSETS		4,646,149	4,561,024
TOTAL ASSETS		5,220,478	4,780,749
CURRENT LIABILITIES			
Trade and Other Payables	12	500,230	479,867
Financial Liabilities	13	365,092	629,334
Provisions	14	325,548	306,464
Other Liabilities	15	6,931	12,155
TOTAL CURRENT LIABILITIES		1,197,801	1,427,820
NON-CURRENT LIABILITIES			
Financial Liabilities	13	119,950	27,106
Provisions	14	25,544	31,346
TOTAL NON-CURRENT LIABILITIES		145,494	58,452
TOTAL LIABILITIES		1,343,295	1,486,272
NET ASSETS		3,877,183	3,294,477
MEMBERS' FUNDS			
Accumulated Profit		3,877,183	3,294,477
TOTAL MEMBERS' FUNDS		3,877,183	3,294,477

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 2019

	Note	2019 \$	2018 \$
Bar Sales		1,193,933	1,133,826
Kitchen Sales		927,040	900,664
Coffee Shop Sales		94,835	43,368
Gaming Net Revenue		3,961,226	3,407,550
Bowls Sales		20,784	19,141
Other Income		476,802	269,570
Insurance Recoveries		5,082	250,000
Total Trading and Other Income	4	6,679,702	6,024,119
Expenses			
Bar Cost of Goods Sold		467,699	480,731
Bar Direct Expenses		336,797	244,544
Kitchen Cost of Goods Sold		385,446	400,494
Kitchen Direct Expenses		557,572	550,012
Coffee Shop Cost of Goods Sold		38,956	16,757
Coffee Shop Direct Expenses		69,005	59,075
Gaming Direct Expenses		1,384,947	1,208,472
Bowls Direct Expenses		304,780	273,697
Administration and Clubhouse Expenses		2,510,685	2,410,046
Finance Costs		41,109	71,094
Unsubstantiated Expenses		-	62,520
Total Expenses	5	6,096,996	5,777,443
Net Profit/(Loss) Before Income Tax		582,706	246,676
Income Tax Expense	1	-	-
Net Profit/(Loss) After Income Tax		582,706	246,676
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss)		582,706	246,676

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

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MAY 2019

Note	2019 \$	2018 \$
Cash Flows from Operating Activities		
Receipts from Members and Guests	7,330,581	6,624,898
Payments to Suppliers and Employees	(6,276,783)	(5,867,530)
Interest and Finance Costs Paid	(41,109)	(71,094)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	<u>1,012,689</u>	<u>686,274</u>
Cash Flows from Investing Activities		
Proceeds from Sale of Plant and Equipment	28,000	-
Payments for Property, Plant and Equipment	(392,922)	(31,112)
Payments for Intangible Assets	(126,000)	-
<i>Net Cash Flows provided by (used in) Investing Activities</i>	<u>(490,922)</u>	<u>(31,112)</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings	196,712	-
Repayment of Borrowings	(368,110)	(434,271)
<i>Net Cash Flows provided by (used in) Financing Activities</i>	<u>(171,398)</u>	<u>(434,271)</u>
Net Increase/(Decrease) in Cash Held	350,369	220,891
Cash and Cash Equivalents at the Beginning of the Financial Year	<u>120,433</u>	<u>(100,458)</u>
Cash and Cash Equivalents at the End of the Financial Year	<u>470,802</u>	<u>120,433</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 2019

	RETAINED EARNINGS	TOTAL
	\$	\$
Balance at 1 June 2017	3,047,801	3,047,801
Net profit after income tax	246,676	246,676
Balance at 31 May 2018	3,294,477	3,294,477
Net profit after income tax	582,706	582,706
Balance at 31 May 2019	3,877,183	3,877,183

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019

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.

Intangible Assets

Intangible assets acquired separately are capitalised at cost, the useful lives of these intangible assets are assessed to be either finite or indefinite. Those intangible assets with finite lives are amortised over that period on a straight line basis. Intangible assets are tested for impairment annually and when an indicator for impairment exists.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019

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 Receivables

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 company 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.

The Company has adopted AASB 9 Financial Instruments from 1 January 2018. AASB 9 replaces the provisions of AASB 139 relating to the recognition, classification and measurement of financial assets and financial liabilities. In accordance with the transitional provisions in AASB 9 the standard has been applied retrospectively. There was no impact on the measurement and recognition of the Company's financial assets or receivables resulting from the adoption of AASB 9.

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

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.

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

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

2 Deficiency in Working Capital

The Company has a deficiency in working capital with current assets of \$574,329 compared to current liabilities of \$1,197,801 representing a deficiency in working capital of \$623,472 (2018: \$1,208,095). Current liabilities includes;

- a) the entire NAB Loan being \$280,000 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 \$325,548 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 \$582,706 and positive operating cashflows of \$1,012,689 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 \$430,000 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019

3 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 and Intangible Assets 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 or annually for intangible assets with indefinite lives. 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.

	2019	2018
	\$	\$
4 Revenue and Other Income		
Operating revenue		
Bar Sales	1,193,933	1,133,826
Kitchen Sales	927,040	900,664
Coffee Shop Sales	94,835	43,368
Poker Machine Revenue	3,806,541	3,283,368
Gaming tax subsidy	17,180	17,180
TAB & Keno Commission	137,505	107,002
Bowls Income	20,784	19,141
Raffle & Bingo Income	352,976	205,459
Other	99,145	64,111
	6,649,939	5,774,119
Other income		
Interest Received	-	-
Profit on Sale of Fixed Assets	24,681	-
Insurance Recoveries	5,082	250,000
	29,763	250,000
	6,679,702	6,024,119

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FOR THE YEAR ENDED 31 MAY 2019

		2019	2018
		\$	\$
5	Operating Profit		
	Operating profit before income tax is arrived at after crediting and charging the following specific items:-		
	Credits		
	Profit on Sale of Assets	24,681	-
	Charges		
	Depreciation		
	Club Land & Buildings	152,006	156,346
	Plant & Equipment	100,295	106,769
	Poker Machines	219,479	244,119
	Total Depreciation & Amortisation	471,780	507,234
	Loss on Sale of Assets	1,615	-
	Interest and Finance Costs	41,109	71,094
	Employee Benefits		
	- Wages	1,943,583	1,969,709
	- Superannuation	171,780	203,933
	- Leave Provisions	13,282	(60,768)
		2,115,363	2,173,642
6	Cash and Cash Equivalents		
	Cash at Bank and in Hand	470,802	120,433
		470,802	120,433
7	Trade Receivables		
	Current		
	Receivables	9,362	10,872
		9,362	10,872
8	Inventories		
	Stock on Hand	75,120	68,679
		75,120	68,679
9	Other Assets		
	Current		
	Prepayments	19,045	19,741
		19,045	19,741

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019

10 Property, Plant and Equipment

	Club Land & Buildings \$	Plant & Equipment \$	Poker Machines \$	Total \$
Year ended 31 May 2019				
At 1 June 2018,				
Net of Accumulated Depreciation/Amortisation	3,955,743	328,023	277,258	4,561,024
Additions	6,976	140,763	288,150	435,889
Less: Disposals	-	3,369	1,615	4,984
Less: Depreciation/Amortisation	152,006	100,295	219,479	471,780
At 31 May 2019				
Net of Accumulated Depreciation/Amortisation	<u>3,810,713</u>	<u>365,122</u>	<u>344,314</u>	<u>4,520,149</u>
At 1 June 2018				
Cost or Fair Value	6,350,699	2,242,646	1,911,476	10,504,821
Accumulated Depreciation/Amortisation	2,394,956	1,914,623	1,634,218	5,943,797
Net Carrying Amount	<u>3,955,743</u>	<u>328,023</u>	<u>277,258</u>	<u>4,561,024</u>
At 31 May 2019				
Cost or Fair Value	6,355,640	2,327,516	2,125,226	10,808,382
Accumulated Depreciation/Amortisation	2,544,927	1,962,394	1,780,912	6,288,233
Net Carrying Amount	<u>3,810,713</u>	<u>365,122</u>	<u>344,314</u>	<u>4,520,149</u>
		2019		2018
		\$		\$
11 Intangible Assets				
Gaming Machine Entitlements		126,000		-
		<u>126,000</u>		<u>-</u>
12 Trade and Other Payables				
Current				
Trade Creditors		467,170		447,911
GST Payable		33,060		31,956
		<u>500,230</u>		<u>479,867</u>
13 Financial Liabilities				
Current				
NAB Loan		280,000		520,000
Hire Purchase Liability		45,672		94,556
Lease Liability		39,420		14,778
		<u>365,092</u>		<u>629,334</u>
Non-Current				
Hire Purchase Liability		50,965		27,106
Lease Liability		68,985		-
		<u>119,950</u>		<u>27,106</u>

The Club has an overdraft facility of \$200,000 with the NAB which remains unused as at 31 May 2019.

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

The Club has a business loan of \$280,000 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
FOR THE YEAR ENDED 31 MAY 2019

	2019	2018
	\$	\$
14 Provisions		
Current		
Provision for Annual	193,147	148,360
Provision for Long Service Leave	117,504	142,044
Provision for Days in Lieu	14,897	16,060
	<u>325,548</u>	<u>306,464</u>
Non Current		
Provision for Long Service Leave	25,544	31,346
	<u>25,544</u>	<u>31,346</u>
15 Other Liabilities		
Current		
Subscriptions in Advance	5,566	5,355
Deposits in Advance	1,365	6,800
	<u>6,931</u>	<u>12,155</u>
16 Commitments for Expenditure		
a) Capital Commitments		
The Club has the following capital commitments as at balance date:		
Poker Machines and Gaming System	246,700	16,500
Clubhouse Improvements	89,946	-
	<u>336,646</u>	<u>16,500</u>
b) Expenditure Commitments		
<i>Operating leases</i>		
Commitments in relation to non-cancellable operating leases are payable as follows:		
Within one year	30,914	31,500
Later than one year but less than five years	8,788	31,852
	<u>39,702</u>	<u>63,352</u>
<i>Finance leases</i>		
Commitments in relation to finance leases are payable as follows:		
Within one year	39,420	14,778
Later than one year but less than five years	68,985	-
Minimum lease payments	<u>108,405</u>	<u>14,778</u>
Future finance charges	-	-
Total finance lease liabilities	<u>108,405</u>	<u>14,778</u>
Lease liabilities are reflected in the Statement of Financial Position as follows:		
Within one year	39,420	14,788
Later than one year but less than five years	68,985	-
	<u>108,405</u>	<u>14,788</u>
<i>Hire Purchase Agreements</i>		
Commitments in relation to hire purchase agreements are payable as follows:		
Within one year	49,263	99,389
Later than one year but less than five years	54,542	27,446
Minimum hire purchase payments	<u>103,805</u>	<u>126,835</u>
Future finance charges	<u>(7,168)</u>	<u>(5,173)</u>
Total hire purchase liabilities	<u>96,637</u>	<u>121,662</u>
Hire purchase liabilities are reflected in the Statement of Financial Position as follows:		
Within one year	45,672	94,556
Later than one year but less than five years	50,965	27,106
	<u>96,637</u>	<u>121,662</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019

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 Peter Fairbairn (commenced December 2017).

	2019	2018
	\$	\$
Key Management Personnel		
The following remuneration was provided to the key management personnel of the Company during the year:		
Short term employment benefits	136,456	108,334
Post employment benefits	10,738	10,296
Long term employment benefits	294	-
	147,488	118,630