

Kotara Bowling and Recreation Club Co-Operative Limited

ABN 13 708 432 461

Financial Statements

For the Year Ended 30 June 2023

Kotara Bowling and Recreation Club Co-Operative Limited

ABN 13 708 432 461

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For the Year Ended 30 June 2023

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Kotara Bowling and Recreation Club Co-Operative Limited

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Directors' Report 30 June 2023

The Directors present their report on Kotara Bowling and Recreation Club Co-Operative Limited for the financial year ended 30 June 2023.

Directors

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

Names	Position	Years' Service
Robert Muir	President	5
Alan Blaker	Vice President	11
Jarrad Biscan-Roberts	Vice President	4
Chris Collison	Director	4
Lisa Henry	Director	3
Chris Neenan	Director	Appointed 11/09/2022

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

Club Secretary

The following person held the position of Club Secretary at the end of the financial year:

Benjamin Hamilton, who is also the Secretary Manager of the Club, has been the Club Secretary since 1 August 2019.

Principal activities

The principal activity of Kotara Bowling and Recreation Club Co-Operative Limited during the financial year was the conduct of a Licensed Club.

No significant changes in the nature of the Club's activity occurred during the financial year.

Operating results

The loss of the Club amounted to \$ 97,915 (2022: a loss of \$152,058).

Review of operations

Profit from bar trading amounted to \$45,158 and gross profit percentage of 57% was obtained from sales of \$668,625.

Net gaming revenue amounted to \$552,054 and compares with \$395,746 in 2022.

Kotara Bowling and Recreation Club Co-Operative Limited

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Directors' Report

30 June 2023

Meetings of Directors

During the financial year, 10 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Robert Muir	10	10
Alan Blaker	10	10
Jarrad Biscan-Roberts	10	10
Chris Collison	10	4
Lisa Henry	10	4
Chris Neenan (Appointed 11/09/2022)	7	6

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Club during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in future financial years.

Short and long term objectives

The Club has established short and long term objectives as outlined in the Club's business plan which is reviewed on an annual basis. These objectives are both financial and non financial and are aimed towards providing a comfortable and secure environment to its members that continues to meet their needs. These objectives are measured through both financial and non financial key performance indicators that have been determined relevant to the Club industry. No information is included on the likely developments in the operations of the Club and the expected results of those operations.

Environmental issues

The Club's operations are subject to environmental regulations under the laws of the Commonwealth and States of Australia. The Directors are not aware of any breaches of the legislation during the financial year which are material in nature.

Assurance Practitioner's independence declaration

The assurance practitioner's independence declaration for the year ended 30 June 2023 has been received and can be found on page 5 of the financial report.

Kotara Bowling and Recreation Club Co-Operative Limited

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Directors' Report

30 June 2023

Disclosure of Core and Non-Core Property

Pursuant to Section 41J(2) of the Registered Clubs Act 1976 and for the financial year ended 30 June 2023, the Directors have determined that the property of the Club shall be classified as follows:

Address	Address	Current Usage	Classification
Lot 92B / 13333	2 Howell Street Kotara	Club Premises	Core

Mandatory Director Training

Under the Registered Clubs Amendment (Disclosures) Regulation 2019, the Club is required to disclose to its members certain information relating to mandatory training requirements undertaken by Directors. As the Club has annual gaming machine profits of less than \$1 million, the Regulation prescribes that at least two Directors must complete their mandatory training within 12 months of appointment unless otherwise exempt.

The Board has deemed one Director, A. Blaker, exempt based on time served on the Club's Board and J. Biscan-Roberts and R. Muir exempt based on holding relevant qualifications.

Indemnification and insurance of officers


The Club has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Club, other than that conduct involving a wilful breach of duty in relation to the Club.

Director emoluments

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Club, with a Director, a firm of which the Director is a member or an entity in which the Director has a substantial financial interest.

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


Director:


Director:

Dated 5 October 2023

Kotara Bowling and Recreation Club Co-Operative Limited

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Directors' Declaration

In the Directors' opinion:

1. The financial statements and notes, as set out on pages 8 to 25, are in accordance with the *Co-operatives National Law (NSW)* and the *Co-operatives National Law Regulations (NSW)* and:
 - (a) comply with Australian Accounting Standards - Simplified Disclosures; and
 - (b) give a true and fair view of the Club's financial position as at 30 June 2023 and of its performance for the year ended on that date of the Club.
2. There is some uncertainty that the Club will be able to pay its debts as and when they become due and payable. Refer to Note 1(c).

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

Director: 

Director: 

Dated 5 October 2023

Kotara Bowling and Recreation Club Co-Operative Limited

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Assurance Practitioner's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

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

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)



N. Nancarrow CA
Director

NEWCASTLE

28 September 2023

Kotara Bowling and Recreation Club Co-Operative Limited

ABN 13 708 432 461

Independent Assurance Practitioner's Review Report to the members of Kotara Bowling and Recreation Club Co-Operative Limited

Report on the Financial Report

We have reviewed the accompanying financial report of Kotara Bowling and Recreation Club Co-Operative Limited (the Club), which comprise the statement of financial position as at 30 June 2023, 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, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

Emphasis of Matter - COVID-19

We draw attention to Note 1(b) to the financial report, which discusses the impact of COVID-19 on the Club's operations and finances.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the Club incurred a net loss of \$97,915 during the year ended 30 June 2023 and, as of that date, the Club's current liabilities exceeded its current assets by \$292,681. At 30 June 2023, net liabilities equal \$81,202 (2022: net assets of \$16,713). As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), 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 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 - Simplified Disclosures, the *Co-operatives National Law (NSW)* and the *Co-operatives National Law Regulations (NSW)*, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Assurance Practitioner's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with Standard on Review Engagements ASRE 2400, *Review of a Financial Report Performed by an Assurance Practitioner Who is not the Auditor of the Entity*. ASRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ASRE 2400 is a limited assurance engagement. The assurance practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

Kotara Bowling and Recreation Club Co-Operative Limited

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Independent Assurance Practitioner's Review Report to the members of Kotara Bowling and Recreation Club Co-Operative Limited

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Australian Auditing Standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Kotara Bowling and Recreation Club Co-Operative Limited as at 30 June 2023, and of its financial performance and cash flows for the year then ended, in accordance with the Australian Accounting Standards.

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)



N. Nancarrow CA
Director

NEWCASTLE

6 October 2023

Kotara Bowling and Recreation Club Co-Operative Limited

ABN 13 708 432 461

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
Bar sales	668,625	498,122
Less: Bar cost of goods sold	<u>(288,929)</u>	<u>(207,640)</u>
Gross profit	379,696	290,482
Gaming machine net clearances	552,054	395,746
Tab and Keno commissions	52,493	40,070
Raffles and bingo income	192,830	240,613
Bowling income	22,788	17,959
Other revenue from contracts with customers	2 60,400	30,856
Other revenue from ordinary activities	2 56,929	37,375
Other revenue from non-ordinary activities	2 -	47,919
Bar trading expenses	(316,137)	(245,324)
Gaming machine trading expenses	(26,685)	(23,069)
Tab & Keno expenses	(35,233)	(26,161)
Raffles and bingo expenses	(233,300)	(262,387)
Bowling expenses	(104,575)	(90,212)
Club promotion and entertainment expenses	(40,662)	(28,373)
Catering net loss	(21,723)	-
Occupancy expenses	(187,955)	(142,738)
Depreciation and amortisation expenses	(129,902)	(151,473)
Administrative expenses	(293,181)	(266,027)
Borrowing cost expenses	<u>(25,752)</u>	<u>(17,314)</u>
Profit / (loss) before income tax	(97,915)	(152,058)
Income tax expense/(benefit)	-	-
Profit / (loss) after income tax	<u>(97,915)</u>	<u>(152,058)</u>
Other comprehensive income	-	-
Total comprehensive income / (loss)	<u><u>(97,915)</u></u>	<u><u>(152,058)</u></u>

The accompanying notes form part of these financial statements.

Kotara Bowling and Recreation Club Co-Operative Limited

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Statement of Financial Position

As At 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	54,619	141,960
Trade and other receivables	5	8,031	5,294
Inventories	6	22,291	24,706
Other assets	7	37,926	38,096
TOTAL CURRENT ASSETS		<u>122,867</u>	210,056
NON-CURRENT ASSETS			
Property, plant and equipment	8	286,565	383,559
Right-of-use assets	9	66,414	25,432
TOTAL NON-CURRENT ASSETS		<u>352,979</u>	408,991
TOTAL ASSETS		<u>475,846</u>	619,047
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	213,914	185,060
Lease liabilities		12,116	16,789
Short-term provisions	11	73,615	58,426
Short-term borrowings	12	115,903	157,525
TOTAL CURRENT LIABILITIES		<u>415,548</u>	417,800
NON-CURRENT LIABILITIES			
Lease liabilities		54,710	9,234
Long-term provisions	11	4,154	1,911
Long-term borrowings	12	82,636	173,389
TOTAL NON-CURRENT LIABILITIES		<u>141,500</u>	184,534
TOTAL LIABILITIES		<u>557,048</u>	602,334
NET ASSETS / (LIABILITIES)		<u>(81,202)</u>	16,713
EQUITY			
Retained earnings / (losses)		<u>(81,202)</u>	16,713
TOTAL EQUITY		<u>(81,202)</u>	16,713

The accompanying notes form part of these financial statements.

Kotara Bowling and Recreation Club Co-Operative Limited

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Statement of Changes in Equity For the Year Ended 30 June 2023

2023

	Retained Earnings / (Losses)
	\$
Balance at 1 July 2022	16,713
Profit / (loss) attributable to members	<u>(97,915)</u>
Balance at 30 June 2023	<u><u>(81,202)</u></u>

2022

	Retained Earnings / (Losses)
	\$
Balance at 1 July 2021	168,771
Profit / (loss) attributable to members	<u>(152,058)</u>
Balance at 30 June 2022	<u><u>16,713</u></u>

The accompanying notes form part of these financial statements.

Kotara Bowling and Recreation Club Co-Operative Limited

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Statement of Cash Flows

For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,763,357	1,379,648
Payments to suppliers and employees	(1,660,063)	(1,331,791)
Interest received	579	33
Borrowing costs	(25,752)	(17,314)
Small Business Grants	-	1,000
State Government JobSaver	-	46,919
Net cash provided by/(used in) operating activities	<u>78,121</u>	<u>78,495</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(18,430)</u>	(28,119)
Net cash used by investing activities	<u>(18,430)</u>	(28,119)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	46,302	42,397
Repayment of borrowings	(178,676)	(145,807)
Repayment of leases	(14,658)	(15,417)
Net cash provided by/(used in) financing activities	<u>(147,032)</u>	(118,827)
Net increase/(decrease) in cash and cash equivalents held	(87,341)	(68,451)
Cash and cash equivalents at beginning of year	<u>141,960</u>	210,411
Cash and cash equivalents at end of financial year	4 <u><u>54,619</u></u>	<u>141,960</u>

The accompanying notes form part of these financial statements.

Kotara Bowling and Recreation Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), Australian Accounting Interpretations, other authoritative pronouncements of the AASB, the *Co-operatives National Law (NSW)* and the *Co-operatives National Regulations (NSW)*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Significant changes in the current report period

Impact of COVID-19 on Club Operations

Since the World Health Organisation ("WHO") declared COVID-19 as a pandemic in March 2020, the Club has experienced periods of closure and restricted trade due to directives from government and health authorities.

In the prior year (2022), from 5pm on 5 August 2021, the Club was forced to close by the NSW Government due to the escalating transmission of COVID-19 within NSW regional areas. The closure was imposed in a Statewide lockdown to restrict the spread of the virus. The Club was not able to trade during this closure period. The Club reopened on 13 October 2021 (closure period was 68 days). The Club has complied with COVID-19 safety and social distancing measures outlined by authorities since reopening.

To minimise the impacts on cashflows during this closure period, management of the Club have adopted various short-term measures including:

- Monitoring stock expiry dates and taking appropriate action to reduce the financial impacts of stock losses.
- Sourced funding offered by the NSW Government (COVID grants and / or JobSaver) where applicable.
- Staff were stood down to reduce wage costs. Permanent and part-time staff had access to unused leave balances.
- Contacting suppliers and taking up revised payment terms if available.
- Incentives offered through other taxes or duties payable have also been considered.

Kotara Bowling and Recreation Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(b) Significant changes in the current report period

Adherence with social distancing rules, including implementing a COVID-19 safety plan, rostering of hygiene marshalls, restricting the number of patrons in the Club and utilising Service NSW electronic check-in for patrons are now considered the normal course of business.

The Club continues to monitor and adhere to NSW Government guidelines and review cashflows during the latest Omicron variant spread from mid December 2021. At the date of signing the 2023 financial report, no further closures of the Club have occurred since 13 October 2021.

(c) Going Concern

The statement of profit or loss and other comprehensive income for the year ended 30 June 2023 reflects a net loss of \$97,915 (2022: net loss of \$152,058) and the statement of financial position reflects that current liabilities exceed current assets by \$292,681 (2022: \$207,744). Net liabilities at 30 June 2023 equal \$81,202 (2022: net assets of \$16,713).

The 2023 loss result was impacted by trade not being as strong as expected returning with a full year without COVID closures. The Club also experienced the loss of the caterer and had to operate food for a period of time (loss result of \$21,188). Both increasing supplier and employee costs has also impacted the bottom line of the Club.

The 2022 loss result was impacted by COVID-19, as outlined in Note 1(b), the impacts of the Omicron variant especially in December 2021 and January 2022, the large amounts of wet weather, as well as ongoing council works with the carpark being closed for majority of 2022.

The Directors have resolved that the going concern basis of accounting is appropriate, as the Club has 21 gaming machine licences that are not recorded on the balance sheet and can be sold within prescribed regulations.

The Club cannot sustain trading losses of this nature and continued trading losses will create significant uncertainty as to whether the Club will continue to meet its financial obligations as they fall due and realise its assets in the normal course of business. The Club must substantially improve revenue, cashflows and the trading performance in the short-term.

The Club is also currently in ongoing discussions with Council regarding the land lease that expired in August 2021. The new proposed Council lease that remains unsigned at the date of this report would see a substantial increase in rent payable from previous years. This potential increase would place further financial pressure on the Club.

If the Club was not considered a going concern then the value of the leasehold improvements would be considered overstated. Leasehold improvements are currently recorded at their written down value as at 30 June 2023.

Kotara Bowling and Recreation Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(d) Income tax

The Club is exempt from income tax under Section 50-45 of the Income Tax Assessment Act 1997. This exemption is subject to the provisions that the legislation does not change and that the objects and activities of the Club do not alter in future years.

(e) Inventories

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

(f) Property, plant and equipment

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

Property

Leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

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

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

Class of Fixed Asset	Depreciation rate
Plant and Equipment	5 - 50 %
Leasehold improvements	2.5 - 20%

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

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

Kotara Bowling and Recreation Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(g) Impairment of non-financial assets

At the end of each reporting period, the Club assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

(h) Employee benefits

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at their nominal amount as it has been determined that they are not materially different from their present value.

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

(i) Revenue and other income

The Club recognises revenue when it transfers control over a product or service to a customer. Revenue is measured based on the amount of consideration expected to be received in exchange for the transfer of the good or service to the customer.

Revenue from contracts with customers

Revenue from the sale of goods is recognised at the point of delivery.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Gaming machine revenue is recognised at the point of sale and represents the difference between the amounts earned through gaming wagers less the payouts from those wagers. Liabilities are recognised for anticipated payouts for progressive jackpots.

Revenue from membership subscriptions is recognised on a straight-line basis over the financial year.

Kotara Bowling and Recreation Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(i) Revenue and other income

Other revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Comparative figures

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

(m) Borrowing costs

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

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

(n) Trade and other receivables

Trade receivables, which have 14 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

Kotara Bowling and Recreation Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(o) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Club during the reporting period which remain unpaid at balance date. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Critical accounting estimates and judgments

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

Key estimates - impairment

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

(q) Leases

At inception of a contract, the Club assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Club where the Club is lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Club uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- Fixed lease payments less any lease incentive;
- Lease payments of under extension options if lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Kotara Bowling and Recreation Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(q) Leases

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated amortisation and impairment losses.

Right-of-use assets are amortised over the lease term or useful life of the underlying asset whichever is the shortest.

(r) Investments and other financial assets

(i) Classification

The Club classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Club's business model for managing the financial assets and the contractual terms of the cash flows.

The Club is using the measured at amortised cost method for all its financial assets, namely trade and other receivables. Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Club commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Club has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

Subsequent to initial recognition, financial assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment for expected credit losses are recognised in the profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Kotara Bowling and Recreation Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(r) Investments and other financial assets

(iv) Impairment

Impairment of financial assets is recognised on an expected credit loss (ECL) – forward looking – basis for all financial assets measured at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Club considers reasonable and supportable information that is relevant and available, including both quantitative and qualitative information and analysis based on the Club's historical experience and informed credit assessment, including forward looking information.

Credit losses are measured as the present value of the difference between the cash flows due to the Club in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

(s) Financial liabilities

i) Classification

The Club is using the measured at amortised cost method for all its financial liabilities. The financial liabilities of the Club comprise trade payables.

Liabilities measured at amortised cost are financial liabilities where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Recognition and derecognition

The Club measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The Club derecognises financial liabilities when, and only when, the Club's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(t) Authorisation of Financial Statements

The financial statements were authorised for issue on 5 October 2023 by the Directors.

Kotara Bowling and Recreation Club Co-Operative Limited

ABN 13 708 432 461

Notes to the Financial Statements For the Year Ended 30 June 2023

2 Revenue

	2023	2022
	\$	\$
Revenue from contracts with customers		
- Trading revenue	1,488,790	1,192,510
Other revenue from contracts with customers		
- Membership subscriptions	15,549	16,099
- Other income	44,851	14,757
Total other revenue from contracts with customers	<u>60,400</u>	<u>30,856</u>
Total revenue from contracts with customers	<u>1,549,190</u>	<u>1,223,366</u>
Other revenue from ordinary activities		
- Interest received	579	33
- Rebate for GST on gaming machine duty	17,180	17,180
- Commissions received	13,833	8,913
- Sponsorship and donations	600	2,905
- Workers compensation proceeds	21,726	-
- Other income	3,011	8,344
Total other revenue from ordinary activities	<u>56,929</u>	<u>37,375</u>
Other revenue from non-ordinary activities		
- Small Business Grants	-	1,000
- State Government JobSaver	-	46,919
Total other revenue from non-ordinary activities	<u>-</u>	<u>47,919</u>
Total Revenue	<u><u>1,606,119</u></u>	<u><u>1,308,660</u></u>

3 Interests of Key Management Personnel

Key management personnel compensation

100,300 93,882

Kotara Bowling and Recreation Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2023

4 Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash on hand	30,000	27,000
Cash at bank	24,619	114,960
	<u>54,619</u>	<u>141,960</u>

5 Trade and Other Receivables

CURRENT		
Trade receivables	3,602	735
Other receivables	4,429	4,559
	<u>8,031</u>	<u>5,294</u>

6 Inventories

CURRENT		
Trading stock on hand	22,291	24,706
	<u>22,291</u>	<u>24,706</u>

7 Other Assets

CURRENT		
Prepayments	37,926	38,096
	<u>37,926</u>	<u>38,096</u>

Kotara Bowling and Recreation Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2023

8 Property, plant and equipment

	2023	2022
	\$	\$
Capital works in progress		
At cost	20,501	19,701
Leasehold Improvements		
At cost	1,420,128	1,420,128
Accumulated depreciation	(1,274,299)	(1,235,364)
Total leasehold improvements	<u>145,829</u>	<u>184,764</u>
Plant and equipment		
At cost	1,548,332	1,530,702
Accumulated depreciation	(1,428,097)	(1,351,608)
Total plant and equipment	<u>120,235</u>	<u>179,094</u>
Total property, plant and equipment	<u>286,565</u>	<u>383,559</u>

(a) Movements in Carrying Amounts

	Capital Works in Progress	Leasehold Improvements	Plant and Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of year	19,701	184,764	179,094	383,559
Additions	800	-	17,630	18,430
Depreciation expense	-	(38,935)	(76,489)	(115,424)
Balance at 30 June 2023	<u>20,501</u>	<u>145,829</u>	<u>120,235</u>	<u>286,565</u>

(b) Core & non-core property

As required by the Registered Clubs Act 1976 all Clubs are required to specify core and non-core property of the Club. As at 30 June 2023 the entire balance shown above in Leasehold Improvements is core property. For further disclosure of core and non-core property refer to page 3 of the financial statements.

Kotara Bowling and Recreation Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2023

9 Right-of-use Assets

The Club's lease portfolio includes the SwiftPOS till system with Pivotal Finance. This lease has a term of 5 years, commencing 31 May 2023. The Club also leases a photocopier with S.E Rentals. This lease has a term of 5 years, commencing from 16 November 2022.

	2023	2022
	\$	\$
Leased equipment	71,314	65,066
Accumulated amortisation	(4,900)	(39,634)
	<u>66,414</u>	<u>25,432</u>
(i) AASB 16 related amounts recognised in the statement		
Amortisation charge related to right-of-use assets	14,478	13,498
Interest expense on lease liabilities	2,770	2,588

(ii) Total future lease payments at the end of the reporting period

Future lease payments are due as follows:

Within one year	17,620	18,278
One to five years	64,409	9,874
	<u>82,029</u>	<u>28,152</u>

10 Trade and Other Payables

CURRENT

Unsecured liabilities

Trade payables	59,618	61,930
Other creditors and accruals	154,296	123,130

213,914 185,060

11 Provisions

CURRENT

Employee benefits	73,615	58,426
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NON-CURRENT

Employee benefits	4,154	1,911
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Kotara Bowling and Recreation Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2023

12 Borrowings

	2023	2022
	\$	\$
CURRENT		
Unsecured liabilities		
Insurance finance	32,411	29,650
Secured liabilities		
Bank loan	47,357	84,513
Asset purchase	36,135	43,362
	115,903	157,525
NON-CURRENT		
Secured liabilities		
Bank loan	82,636	133,640
Asset purchase	-	39,749
	82,636	173,389

(a) Security

The bank loans are secured by:

- Registered Mortgage Debenture over the whole of Kotara Bowling Club Co-op Limited ACN 069 233 601 assets including goodwill and uncalled capital and called but unpaid capital together with relative insurance policy assigned to the National Australia Bank Limited.
- Mortgage over lease given by Kotara Bowling Club Co-op Limited ACN 069 233 601 over premises comprised in Certificate of Title Auto Consol 7769-111 known as Kotara Bowling Club situated at Howell Street, Kotara NSW.

The asset purchase agreements are secured by the assets purchased.

Kotara Bowling and Recreation Club Co-Operative Limited

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Notes to the Financial Statements For the Year Ended 30 June 2023

13 Related Party Transactions

The Club's main related parties are as follows:

(a) Key Management Personnel of the Club

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Club, directly or indirectly, including any Director (whether executive or otherwise) of the Club, is considered key management personnel. Refer to Note 4.

(b) Other Related Parties of the Club

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions and Outstanding Balances with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following relationships and/or transactions occurred with related parties:

- The company of President, Mr. R. Muir, received payments for telephone and internet services, as well as IT support provided to the Club on normal commercial terms.
- The Vice President, J. Biscan-Roberts, received payments for accounting services provided to the Club on normal commercial terms.
- A related persons of Vice President, J. Biscan-Roberts, provided services to the Club on normal commercial terms.

14 Reviewers' Remuneration

	2023	2022
	\$	\$
Cutcher & Neale Assurance Pty Limited		
- Review of the financial statements	3,700	4,800
Total	3,700	4,800