

Inverell East Bowling Club Limited trading as Inverell Sporties

ABN: 99 001 060 813

Financial Statements

For the Year Ended 30 June 2020

Inverell East Bowling Club Limited trading as Inverell Sporties

ABN: 99 001 060 813

Contents

For the Year Ended 30 June 2020

Page

Financial Statements

Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	25
Independent Audit Report	26
Detailed Profit or Loss	28

Inverell East Bowling Club Limited trading as Inverell Sporties

ABN: 99 001 060 813

Directors' Report For the Year Ended 30 June 2020

The directors present their report on Inverell East Bowling Club Limited trading as Inverell Sporties for the financial year ended 30 June 2020.

Directors

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

Names	Position	Appointed/Resigned
R V Adamson	Director	Appointed 29/10/2017
P J Dunlop	Deputy Chairman	Appointed 19/9/2012
S L Dunlop	Director	Re-Appointed 24/4/2017
P W Harris	Director	Appointed 28/10/2018
M J Hauser	Treasurer	Appointed 29/10/2017
A J Hobday	Deputy Chairman	Appointed 29/01/2018
D J Kachel	Chairman	Appointed 29/10/2017
A L Mephram	Director	Appointed 11/12/2017
D W Radford	Director	Appointed 29/10/2017

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

Company secretary

Mr Nathan Mark John Hughes held the position of Company secretary at the end of the financial year:

Principal activities

The principal activity of Inverell East Bowling Club Limited trading as Inverell Sporties during the financial year was to operate a registered club for the promotion of sports.

These principal activities assist in achieving the short term and long term objectives of the company by:

- providing entertainment, dining, gaming and social facilities for members, guests and the community; and
- providing turnover, cash flow and profit to meet the financial objectives of the company.

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

Short term objectives

The Company has identified the following short term objectives:

- To strive to achieve the benchmark for financial performance of a 15% EBITDARD (Earnings Before Interest, Tax, Depreciation, Amortisation, Rent and Donations); and
- To promote bowls and other sports and membership involvement in sport.

The Company has adopted the following strategies in order to achieve these short term objectives:

- The preparation of an annual budget for financial performance that includes the calculation of EBITDARD (Earnings Before Interest, Tax, Depreciation, Amortisation, Rent and Donations);
- The preparation of cash flow projections; and
- Continued director, management and staff education and training programs.

Long term objectives

The Company has identified the following long term objectives;

- To promote the game of bowls in the community and to be recognised for our contribution to the game;
- To maintain a stable financial position of the club; and
- To grow the company operations in accordance with member interests.

The company has adopted the following strategies in order to achieve these long term objectives:

- The preparation of a strategic, business, succession and contingency plans that considers the diversification of business operations.

Performance measures

The following measures are used within the Company to monitor performance:

- Gross profit percentage on sales;
- Membership retention;
- Growth in surplus;
- Budget and cash flow projections; and
- Electronic Gaming Machine net retention.

Members' guarantee

Inverell East Bowling Club Limited trading as Inverell Sporties is a Company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$2 for members subject to the provisions of the Company's constitution.

At 30 June 2020 the collective liability of members was \$ 4,986 (2019: \$ 3,138).

Information on directors

R V Adamson	Director
Qualifications	Retired electrical linesman, baker & pastrycook 30 years a Secretary & Committee member of Inverell Civilian Rifle Club. Current holder of RSA & RCG Statements of Attainment. Attended Clubs NSW Mandatory Directors Training 2019.
Experience	3 years as a Director.
Special Responsibilities	Greens subcommittee
P J Dunlop	Deputy Chairman
Qualifications	Gas Fitter & Engineer Gas Bottle Testing. Current holder of RSA & RCG Statements of Attainment, and attended Clubs NSW Mandatory Directors Training, 2015 & 2019
Experience	9 years as a Director
Special Responsibilities	Operational Compliance subcommittee
S L Dunlop	Director
Qualifications	Manager HealthShare. Management certificate IV, Certificate II in Hospitality, and currently holder of RSA & RCG Statements of Attainment. Attended Clubs NSW Mandatory Directors Training 2019, and Attended CDI Seminar Feb 2019
Experience	3 years as a Director in the current term, additional 1 year experience in a previous term.
Special Responsibilities	Operational Compliance subcommittee

Information on directors continued

P W Harris	Director
Qualifications	Retired Farm Manager, current holder of RSA & RCG Statements of Attainment, attended Clubs NSW Mandatory Directors Training 2019.
Experience	2 years as a Director
Special Responsibilities	Greens subcommittee
M J Hauser	Treasurer
Qualifications	Retired District Fisheries Officer. Current holder of RSA & RCG Statements of Attainment. Bowls Umpire. Cert IV in Training. Attended Clubs NSW Mandatory Directors Training 2019, Member of Club Directors Institute.
Experience	3 years as a Director
Special Responsibilities	Finance/AML/CTF subcommittee
A J Hobday	Deputy Chairman
Qualifications	Retired Accountant/Registered Tax Agent, RCA Audit Experience With MTP & Co and Skybridge Financial. Current holder of RSA & RCG Statements of Attainment, Member of Club Directors Institute and attended Clubs NSW Mandatory Directors Training, June 2018.
Experience	3 years as a Director
Special Responsibilities	Finance/AML/CTF subcommittee
D J Kachel	Chairman
Qualifications	Retired business proprietor / motor mechanic / auto electrician, Past president Junior Rugby League, Treasurer Zone Junior Rugby League, The Inverell Legacy Club Inc. Legatee, life member Inverell Hawks Rugby League Club. Current holder of RSA & RCG Statements of Attainment, and attended Clubs NSW Mandatory Directors Training, June 2018. Member of Club Directors Institute, attended CDI Seminars December 2018 and February 2019, Member of Club Directors Institute. Volunteer at Homes for the Aged.
Experience	3 years as a Director
Special Responsibilities	Operational Compliance subcommittee, Finance/AML/CTF subcommittee and Greens subcommittee
A L Mephram	Director
Qualifications	Retired motor mechanic in own business (12 years) and Inverell Shire Council (23 years). Life Member, past President and Committee member of Inverell Tennis Club. Past President of Inverell RSM GT Ford Car Club. Past committee member Northern Foreshores. Current holder of RSA & RCG Statements of Attainment, and attended Clubs NSW Mandatory Directors Training, June 2018.
Experience	3 years as a Director
Special Responsibilities	Finance/AML/CTF subcommittee and Greens subcommittee
D W Radford	Director
Qualifications	Hawkesbury Ag College Education, Farmer and Heavy Transport Operator 35 years, Construction Industry 7 Years, Mitre 10 Department manager 13 years, Current holder of RSA & RCG Statements of Attainment. Attended Clubs NSW Mandatory Directors Training 2019.
Experience	3 years as a Director
Special Responsibilities	Operational Compliance subcommittee

Meetings of directors

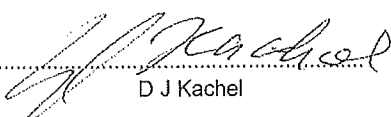
During the financial year, 22 meetings of directors (excluding subcommittees of directors) were held. Attendances by each director during the year were as follows:

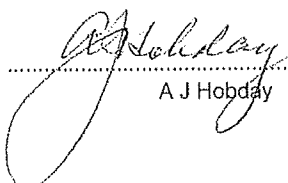
	Directors' Meetings		Special Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
R V Adamson	12	12	10	9
P J Dunlop	12	12	10	9
S L Dunlop	12	11	10	9
P W Harris	12	12	10	9
M J Hauser	12	10	10	7
A J Hobday	12	12	10	9
D J Kachel	12	12	10	8
A L Mepharm	12	11	10	8
D W Radford	12	12	10	9

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 has been received and can be found on page 5 of the financial report.

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

Director: 
D J Kachel

Director: 
A J Hobday

Dated 13 September 2020


Inverell East Bowling Club Limited trading as Inverell Sporties

ABN: 99 001 060 813

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Inverell East Bowling Club Limited trading as Inverell Sporties

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, 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.

Forsyths


Paul Cornall
Principal

13 September 2020

121 Rusden St, Armidale NSW 2350

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
Sales and member revenue	4	1,976,975	1,910,573
Cost of sales		(498,567)	(476,152)
Gross profit		1,478,408	1,434,421
Other sources of income	4	292,548	102,543
Administrative expenses		(981,126)	(930,350)
Depreciation Expense		(268,390)	(155,481)
Advertising and Marketing expenses		(26,689)	(18,395)
Occupancy costs		(229,240)	(217,111)
Other expenses		(15,283)	(7,767)
Profit/(Loss) for the year		250,228	207,860
Other comprehensive income		-	-
Total comprehensive income for the year		250,228	207,860

The accompanying notes form part of these financial statements.

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Statement of Financial Position

As At 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	363,558	317,286
Trade and other receivables	7	60,890	2,325
Inventories	8	37,212	31,153
Other financial assets	9	300,000	451,468
Other assets	10	30,695	32,840
TOTAL CURRENT ASSETS		792,355	835,072
NON-CURRENT ASSETS			
Other financial assets	9	10	10
Property, plant and equipment	11	2,425,786	1,894,033
TOTAL NON-CURRENT ASSETS		2,425,796	1,894,043
TOTAL ASSETS		3,218,151	2,729,115
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	210,222	214,516
Borrowings	13	214,344	103,049
Employee benefits	14	101,308	78,240
Contract liabilities	15	1,900	1,458
TOTAL CURRENT LIABILITIES		527,774	397,263
NON-CURRENT LIABILITIES			
Borrowings	13	199,538	92,264
Employee benefits	14	5,250	4,227
TOTAL NON-CURRENT LIABILITIES		204,788	96,491
TOTAL LIABILITIES		732,562	493,754
NET ASSETS		2,485,589	2,235,361
EQUITY			
Accumulated surplus		2,485,589	2,235,361
TOTAL EQUITY		2,485,589	2,235,361

The accompanying notes form part of these financial statements.

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Accumulated Surplus	Total
	\$	\$
Balance at 1 July 2019	2,235,361	2,235,361
Profit/(deficit) attributable to members	250,228	250,228
Balance at 30 June 2020	<u>2,485,589</u>	<u>2,485,589</u>

2019

	Accumulated Surplus	Total
	\$	\$
Balance at 1 July 2018	2,027,501	2,027,501
Total other comprehensive income/(deficit) for the year	207,860	207,860
Balance at 30 June 2019	<u>2,235,361</u>	<u>2,235,361</u>

The accompanying notes form part of these financial statements.

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,431,794	2,175,206
Payments to suppliers and employees	(1,921,311)	(1,764,456)
Interest received	4,161	12,680
Net cash provided by/(used in) operating activities	20 514,644	423,430
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	32,119	24,500
Proceeds from disposal of Non Current Asset Held for Sale	-	247,500
Purchase of property, plant and equipment	(870,527)	(548,754)
Proceeds from financial assets	151,468	-
Net cash provided by/(used in) investing activities	(686,940)	(276,754)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	218,568	8,516
Net cash provided by/(used in) financing activities	218,568	8,516
Net increase/(decrease) in cash and cash equivalents held	46,272	155,192
Cash and cash equivalents at beginning of year	317,286	162,094
Cash and cash equivalents at end of financial year	6 363,558	317,286

The accompanying notes form part of these financial statements.

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Notes to the Financial Statements

For the Year Ended 30 June 2020

The financial report covers Inverell East Bowling Club Limited trading as Inverell Sporties as an individual entity. Inverell East Bowling Club Limited trading as Inverell Sporties is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Inverell East Bowling Club Limited trading as Inverell Sporties is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Change in accounting policy

The Company has adopted AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not for Profit Entities and AASB 16 Leases for the first time in the current year as at 1 July 2019.

As a result there has been no material adjustments to the company's reported financial position, performance or cashflow. The only impacts have been changes in disclosure in the financial statements.

(b) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies continued

(b) Revenue and other income continued

Revenue from contracts with customers continued

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Sale of goods

Revenue is recognised on transfer of goods to the customer including bar, coffee bar and catering as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

Revenue in relation to rendering of services including poker machines, Keno, raffles, TAB and bingo are recognised upon delivery of the service to the customer.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over time during the financial year. Where the company receives membership fees for subsequent financial years this is recognised as a contract liability.

Other income

Other income is recognised on an accruals basis when the Company has an enforceable contract and met the performance obligations in the contract. Other sundry revenue is recognised when received.

(c) Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

(d) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies continued

(e) Goods and services tax (GST)

Revenue, 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 Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments with original maturities of three months or less which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Inventories

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

(h) Property, plant and equipment

Each class of property, plant and equipment is carried at cost, where applicable, any accumulated depreciation and impairment.

Land and buildings

Freehold land and buildings are shown at their cost less, where applicable, any accumulated depreciation and impairment losses. The recoverable amount of buildings for not-for-profit entities is the current replacement cost discounted to current asset condition.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount of plant and equipment for not-for-profit entities is the current replacement cost discounted to current asset condition.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	1.67%

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies continued

(h) Property, plant and equipment continued

Fixed asset class	Depreciation rate
Plant & Equipment, Furniture & Fittings	10-40%
Furniture, Fixtures and Fittings	5-50%
Motor Vehicles	22.50%
Gaming Machines	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(i) Poker machine entitlements

The Company, as a result of State legislation, received for no cost, poker machine entitlements. These entitlements can be sold should the company decide to reduce, or cease, its poker machine activities. The company has not recorded the poker machine entitlements in the financial statements as there was no fair value on acquisition of these entitlements and there is no sufficiently deep and active market to determine changes in fair value as required by accounting standards.

(j) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(k) Financial instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified as "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component.

Classification and Subsequent Measurement

Financial assets and liabilities are subsequently measured at amortised cost.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies continued

(k) Financial instruments continued

Investments classified at amortised cost

The Company's investments in term deposits are measured at amortised costs using the effective interest rate method, with revenue recognised on an effective yield basis.

In addition, if there is objective evidence that the investment has been impaired the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Financial liabilities at amortised cost

The Vendor loans are measured at amortised cost using the effective interest method. Although, the loans are interest free the Company has not discounted the cash flow repayments over the life of the loan. The Company considers any discount due to the interest free terms would not be material to the financial statements.

(l) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Company.

3 Critical Accounting Estimates and Judgment

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Key estimates- Useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Notes to the Financial Statements

For the Year Ended 30 June 2020

4 Revenue and Other Income

Revenue from continuing operations

	2020	2019
	\$	\$
Contracts with customers		
Sales and member revenue		
- Bar Trading	698,463	636,235
- Poker Machines (net takings)	1,135,025	1,092,175
- Catering	17,039	27,488
- Coffee Bar	13,544	21,394
- Keno	28,716	30,570
- Raffles	42,014	52,865
- TAB	9,831	7,561
- Bingo	16,755	17,378
- Member subscriptions	10,773	16,154
- Functions and hire	4,815	8,753
	<u>1,976,975</u>	<u>1,910,573</u>

All revenue from contracts with customers are recognised at a point in time except membership subscriptions which are recognised over time.

	2020	2019
	\$	\$
Other sources of revenue		
- Interest received	4,161	12,680
- Insurance claim recovery	62,860	-
- Poker machine GST rebate	17,180	17,180
- Cash card rebate	20,686	13,926
- Wage subsidies	13,220	9,867
- COVID-19 subsidies	160,318	-
- Sundry income	14,123	33,969
- Net gain on disposal of non current asset held for sale	-	11,375
- Net gain on disposal of property, plant and equipment	-	3,546
	<u>292,548</u>	<u>102,543</u>

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Notes to the Financial Statements For the Year Ended 30 June 2020

5 Result for the Year

The result for the year includes the following specific expenses:

	2020	2019
	\$	\$
Employee benefit expenses	686,231	601,902
Net loss on disposal of property, plant and equipment	15,283	-
Superannuation contributions	57,284	51,587
Sponsorship and Donations	3,048	7,757

6 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash at bank and in hand	363,558	317,286
	<u>363,558</u>	<u>317,286</u>

7 Trade and Other Receivables

	2020	2019
	\$	\$
CURRENT		
Trade receivables	5,390	2,325
Jobkeeper receivable	55,500	-
Total current trade and other receivables	<u>60,890</u>	<u>2,325</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Inventories

	2020	2019
	\$	\$
CURRENT		
At cost:		
Finished goods	37,212	31,153

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Notes to the Financial Statements

For the Year Ended 30 June 2020

9 Other Financial Assets

Investments held at Amortised Cost

	2020	2019
	\$	\$
CURRENT		
Term Deposits	300,000	451,468
NON-CURRENT		
Other investments -at cost		
Regional Australia Bank Shares	10	10

10 Other Assets

	2020	2019
	\$	\$
CURRENT		
Prepayments	-	20,913
Accrued income	2,713	6,927
TAB Security Deposit	5,000	5,000
Holding deposit clubhouse upgrade works	22,982	-
	30,695	32,840

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Notes to the Financial Statements

For the Year Ended 30 June 2020

11 Property, plant and equipment

	2020	2019
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At cost	67,500	67,500
Total Land	67,500	67,500
Buildings		
At cost	1,826,173	1,723,651
Accumulated depreciation	(620,862)	(617,029)
Total buildings	1,205,311	1,106,622
Total land and buildings	1,272,811	1,174,122
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	410,743	293,837
Accumulated depreciation	(228,819)	(206,375)
Total plant and equipment	181,924	87,462
Furniture, fixtures and fittings		
At cost	547,532	572,770
Accumulated depreciation	(351,315)	(470,398)
Total furniture, fixtures and fittings	196,217	102,372
Motor vehicles		
At cost	52,433	52,433
Accumulated depreciation	(20,085)	(10,699)
Total motor vehicles	32,348	41,734
Gaming Machines		
At cost	1,154,475	872,634
Accumulated depreciation	(411,989)	(384,291)
Total Gaming machines	742,486	488,343
Total plant and equipment	1,152,975	719,911
Total property, plant and equipment	2,425,786	1,894,033

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Notes to the Financial Statements
For the Year Ended 30 June 2020

11 Property, plant and equipment continued

Movements in Carrying Amounts

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

	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Gaming Machines	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2020							
Balance at the beginning of year	67,500	1,106,622	87,462	102,372	41,734	488,343	1,894,033
Additions	-	130,211	129,266	137,765	-	450,303	847,545
Disposals	-	(3,485)	(7,756)	(10,818)	-	(25,343)	(47,402)
Depreciation expense	-	(28,037)	(27,048)	(33,102)	(9,386)	(170,817)	(268,390)
Balance at the end of the year	67,500	1,205,311	181,924	196,217	32,348	742,486	2,425,786

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Notes to the Financial Statements

For the Year Ended 30 June 2020

11 Property, plant and equipment continued

Revaluation of Land and Buildings

The Company engaged a valuer to conduct a valuation of land and buildings during the 2018/19 financial year. This valuation was based upon the alternative use valuation methodology and valued land and buildings at \$750,000. This valuation is not suitable for accounting purposes under AASB 13, therefore, the Company has decided to not make an adjustment to the value in the financial statements. The Company intends to conduct a valuation for accounting purposes in the future.

12 Trade and Other Payables

	2020	2019
	\$	\$
Current		
Trade payables	16,420	66,085
GST payable	21,681	35,301
Payroll liabilities	63,775	12,435
Sundry payables and accrued expenses	108,346	100,695
	<u>210,222</u>	<u>214,516</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

13 Borrowings

	2020	2019
	\$	\$
CURRENT		
Secured liabilities:		
Vendor loans	214,344	103,049
Total current borrowings	<u>214,344</u>	<u>103,049</u>
	2020	2019
	\$	\$
NON-CURRENT		
Secured liabilities:		
Vendor loans	199,538	92,264
Total non-current borrowings	<u>199,538</u>	<u>92,264</u>

Vendor loans are in relation to poker machine replacements and a quick pay cash redemption terminal. These loans are non-interest bearing and secured over the assets financed. Repayment are over a period of 25 months.

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Notes to the Financial Statements

For the Year Ended 30 June 2020

14 Employee Benefits

	2020	2019
	\$	\$
Current liabilities		
Long service leave	20,624	18,559
Annual leave	76,184	59,681
Additional employee entitlement provision	4,500	-
	<u>101,308</u>	<u>78,240</u>
	2020	2019
	\$	\$
Non-current liabilities		
Long service leave	5,250	4,227

15 Contract Liabilities

	2020	2019
	\$	\$
CURRENT		
Revenue and members subscriptions in advance	1,900	1,458

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Notes to the Financial Statements

For the Year Ended 30 June 2020

16 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities. The Company does not consider it has a material risk from interest rate risk as interest is only derived from term deposits and borrowings. This position is reviewed on an ongoing basis.

17 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel and Directors honorarium of Inverell East Bowling Club Limited trading as Inverell Sporties during the year are as follows:

The total remuneration paid to key management personnel of the Company is \$ 201,023 (2019: \$ 167,251).

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019:None).

19 Related Parties

Transactions 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.

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Notes to the Financial Statements

For the Year Ended 30 June 2020

20 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2020	2019
	\$	\$
Profit for the year	250,228	207,860
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	268,390	155,481
- net gain on disposal of property, plant and equipment	15,283	(3,547)
- net gain on disposal of non-current asset held for sale	-	(11,375)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(83,768)	1,430
- (increase)/decrease in other assets	4,214	140
- (increase)/decrease in prepayments	20,913	19,407
- (increase)/decrease in inventories	(6,059)	1,716
- increase/(decrease) in income in advance	442	(11,925)
- increase/(decrease) in trade and other payables	20,909	50,013
- increase/(decrease) in employee benefits	24,092	14,230
Cashflows from operations	514,644	423,430

21 Funds Held by the Bowling Sections

The women's bowling section of the Club (known as the 'Inverell Women's Bowling Club') held net assets at 30 June 2020 of \$39,239 (2019:\$42,515) and had a loss for the year of \$3,276 (2019:\$11,410). The men's bowling section of the Club (known as the 'Inverell East Men's Bowling Club') held net assets at 30 June 2020 of \$14,026 (2019:\$20,332) and had a loss for the year of \$6,306 (2019:profit \$5,665). These funds have been generated by the activities of the members in these sections. These funds have not been shown in the statement of financial position, but under Club's By-Law 2012, 'any funds of the Bowling sections in excess of reasonably foreseeable needs shall, upon request, be paid to the Board and become part of the general funds of the Club'. The Directors believe that at reporting date it is not practical to consolidate these results with those of the Company.

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Notes to the Financial Statements

For the Year Ended 30 June 2020

22 Impact of COVID-19

During the second half of the financial year an exceptional event occurred - the Coronavirus (COVID-19) pandemic, bringing unprecedented restrictions from the Australian Government on travel, gatherings, movements and work for non-essential businesses with the aim of containing the spread of the virus.

The Company was impacted by Government restrictions including closure of the Club during State imposed lockdowns especially on pubs and clubs. This resulted in reduction in core trading activities during April to June but was able to obtain various government stimulus payments including Jobkeeper, PAYG grants and NSW carry on subsidies. With the easing of restrictions the Club was able to return to normal operations with suitable restrictions on physically distancing.

However, Directors and management acknowledge there is continuing uncertainty regarding the ongoing impact of COVID-19, especially if the Government was to impose a second lock down in NSW and again force clubs to close. Directors and management consider it may be eligible to obtain suitable Government support and has sufficient financial resources to be able to operate if this was to occur.

23 Events Occurring After the Reporting Date

The financial report was authorised for issue on 11 September 2020 by the board of directors.

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

24 Statutory Information

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

Inverell East Bowling Club trading as Inverell Sporties
35 Glen Innes Rd
Inverell NSW 2360

Inverell East Bowling Club Limited trading as Inverell Sporties

ABN: 99 001 060 813

Directors' Declaration

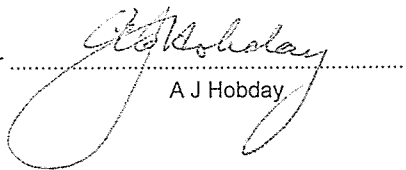
The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 24, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director

D J Kachel

Director

A J Hobday

Dated 13 September 2020

Inverell East Bowling Club Limited trading as Inverell Sporties

Independent Audit Report to the members of Inverell East Bowling Club Limited trading as Inverell Sporties

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Inverell East Bowling Club Limited trading as Inverell Sporties (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of 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.

Inverell East Bowling Club Limited trading as Inverell Sporties

Independent Audit Report to the members of Inverell East Bowling Club Limited trading as Inverell Sporties

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Forsyths



Paul Cornall
Partner

Armidale, NSW
13 September 2020

ARMIDALE

121 Rusden Street
PO Box 114
Armidale NSW 2350
Phone 02 6773 8400
Fax 02 6772 9957
armidale@forsyths.com.au

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

For the Year Ended 30 June 2020

Disclaimer

The additional financial data presented on 29-32 is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 30 June 2020. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Inverell East Bowling Club Limited trading as Inverell Sporties) in respect of such data, including any errors or omissions therein however caused.

Forsyths



Paul Cornall
Partner

Armidale, NSW
13 September 2020

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

For the Year Ended 30 June 2020

	2020	2019
	\$	\$
Bar Trading		
Sales revenue		
Sales	698,463	636,235
Cost of sales		
Purchases and stock movements	314,573	300,256
Gross profit	383,890	335,979
Gross profit (%)	54.96 %	52.81 %
Less: Direct expenses		
Wages	(279,361)	(241,528)
Net profit / (loss)	104,529	94,451
Poker Machines		
Sales revenue		
Net Poker Machine Takings	1,135,025	1,092,175
Cost of sales		
Direct expense	(105,196)	(70,158)
Net profit / (loss)	1,029,829	1,022,017
Bistro Rent and Sales		
Sales revenue		
Catering rent/catering sales	17,039	27,488
Cost of sales		
Purchases and stock movements	-	(6,419)
Gross profit	17,039	21,069
Gross profit (%)	100.00 %	76.65 %
Net profit / (loss)	17,039	21,069

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

For the Year Ended 30 June 2020

	2020 \$	2019 \$
Coffee Bar		
Sales revenue		
Sales	13,544	21,394
Cost of sales		
Purchases and stock movements	(11,142)	(16,571)
Gross profit	<u>2,402</u>	<u>4,823</u>
Gross profit (%)	<u>17.73 %</u>	<u>22.54 %</u>
Net profit / (loss)	<u>2,402</u>	<u>4,823</u>
 Keno		
Income		
Keno Income	28,716	30,570
Cost of sales		
Keno expense	(3,914)	(3,171)
Net profit / (loss)	<u>24,802</u>	<u>27,399</u>
 Raffles		
Income		
Raffles	42,014	52,865
Cost of sales		
Raffles	(41,128)	(49,892)
Net profit / (loss)	<u>886</u>	<u>2,973</u>
 TAB		
Income		
TAB Income	9,831	7,561
Cost of sales		
Direct expense	(19,446)	(21,078)
Net profit / (loss)	<u>(9,615)</u>	<u>(13,517)</u>
 Bingo		
Income		
Bingo income	16,755	17,378
Cost of sales		
Direct expenses	(9,010)	(4,636)
Net profit / (loss)	<u>7,745</u>	<u>12,742</u>

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Profit and Loss Account

	2020	2019
	\$	\$
Sales and membership		
Bar Trading	698,463	636,235
Poker Machines	1,135,025	1,092,175
Catering rent	17,039	27,488
Coffee Bar	13,544	21,394
Raffles	42,014	52,865
Keno	28,716	30,570
Bingo	16,755	17,378
TAB	9,831	7,561
Functions and hire	4,815	8,753
Member subscriptions	10,773	16,154
Total sales	1,976,975	1,910,573
Cost of sales	498,567	476,152
Gross Profit	1,478,408	1,434,421
Less: Expenses		
Property valuation fees	-	6,500
Auditors remuneration	16,090	21,477
Bank charges	2,276	1,785
Cleaning	16,860	16,089
Computer expenses	40,075	38,158
Consumables	12,267	13,625
Sponsorship and Donations	3,048	7,757
Bowls Expense	1,611	1,565
Bowls Affiliation Fees	1,159	3,051
Mens Bowls Section	1,000	6,967
Womens Section	-	2,112
Freight & Cartage	102	59
Gas	2,870	2,106
Legal Expenses	6,221	1,686
Long service leave	3,088	(6,773)
Advertising and Marketing	26,689	18,395
Members Amenities	81,120	95,693
Investment Property Expenses	-	141
Occupancy costs	229,240	217,111
Other expenses	1,548	2,991
Movement in Employee Entitlement Provisions	20,503	22,104
Permits, licences and fees	8,175	4,398
Postage	2,276	2,478
Printing and stationery	4,193	9,621
Salaries	631,353	561,851
Directors expenses	6,991	7,426
Real Estate Commission	-	7,767
Staff training	16,240	10,102
Superannuation contributions	57,284	51,587
Telephone and fax	13,323	12,696

Inverell East Bowling Club trading as Inverell Sporties

ABN: 99 001 060 813

Profit and Loss Account

	2020	2019
	\$	\$
Officer's Honoraria	12,930	12,225
Trade Journals & Affiliation Fees	1,049	461
Uniforms	2,427	5,794
Workers compensation	15,047	14,618
Depreciation	268,390	155,481
	<u>1,505,445</u>	<u>1,329,104</u>
Trading Profit/(Loss)	(27,037)	105,317
Other operating income/(expense)		
Interest received	4,161	12,680
Insurance claim recovery	62,860	-
Poker machine GST rebate	17,180	17,180
Cash card rebate	20,686	13,926
Wage subsidies	13,220	9,867
COVID-19 subsidies	139,500	-
Other COVID-19 subsidies	20,818	-
Sundry income	14,123	33,969
Gain on disposal of assets	-	3,546
Loss on disposal of assets	(15,283)	-
Net gain on disposal of non current asset held for sale	-	11,375
	<u>277,265</u>	<u>102,543</u>
Profit before income tax	250,228	207,860