Moruya Bowling & Recreation Club Limited

ABN: 48 306 012 969

Financial Statements

For the Year Ended 30 June 2020

Moruya Bowling & Recreation Club Limited

ABN: 48 306 012 969

Contents

For the Year Ended 30 June 2020

Chairpersons report

No one could have predicted or imagined the devastation that was to be imposed on our region during December and January. While still enduring the drought we were then impacted by the horrific bushfires followed by floods and then the Corona Virus Pandemic – COVID-19.

I record my respect and thanks to our General Manager Grant Dempster for his leadership and innovative foresight at these times. The Club opened as a safe haven and provision of food to our visitors and residents along with their pets, who on several occasions were forced to evacuate their homes.

COVID-19 restrictions directed from the NSW and Federal Government and endorsed by Clubs NSW put us in 'lockdown' for a period of time. During this phase the Dining Room, Bistro area, and the Club as a whole was made compliant with the C-19 'Safety Plan'. Further the gaming section was re-configured resulting in a professional and more personal area for our personnel. Members having birthday's during this time of ' lockdown' were rewarded with points on their card.

Despite these interruptions, our Club again has had a most successful year financially. The necessity to provide upgrades to the facility has resulted in improvements for the benefit of members and visitors providing a family friendly facility for the enjoyment of all.

The Dining Room and Bistro under the direction of Shane, Kim and their team is a credit to them. Again working under difficult circumstances at times their service and commitment did not waver.

Our friendly and helpful staff throughout all areas of the Club who genuinely offer their assistance to all patrons are to be commended.

The greens and surrounds continue to be maintained at a high standard under the guidance of Warren and we welcome Phillip as a casual greens assistant

The sub-clubs, MMBC and MWBC although having tournaments cancelled, I am sure will look forward to a brighter 2021.

Again local organisations have been the beneficiaries of financial support. All donations endorsed by the Board have been given with pride in support of the community.

To my fellow Directors, I record my thanks for their support and loyalty to the ongoing development of 'our' Club.

In appreciation I also acknowledge our members whose support of the Club is to be admired.

Robyn Wright OAM
Chair Board of Directors MB&RC

Managers Report

It is with pleasure that I present a report on the financial year 19-20. I would like to thank and congratulate all our members, volunteers, and the dedicated staff, including the Board who contribute to the success and viability of this great little club. As stated previously I believe in a small rural clubs like ours, the performance and criteria to be judged for success should not be defined solely by the financial result, but also by the relevance to the community, the contentment of the members, the provision of facilities and amenities and the support by members and guests. The Moruya Bowling & Recreation Club, regardless of an accounting profit or loss, has to be deemed a very successful and relevant club that is important and pertinent to the Moruya community. This was shown during the Bushfire season when the Club became an unofficial evacuation centre for people seeking a haven from the dangerous and chaotic conditions.

During the fires, the Club stayed open providing the facilities and amenities to allow people and their pets to sleep inside the Clubhouse as well as providing the surrounds of the Club for people to camp. Most of the people were locals who had been evacuated from their houses, but some just happened to be visiting the area and had no place of refuge, including people from as far as Victoria. The club and members provided linen, lighting, food, and friendship to these people. I have never been prouder of the staff and patrons who helped facilitate the safety and wellbeing of these people.

As with the previous years, the club faced numerous challenges including the above-mentioned Bushfires, power outages and of course the Covid-19 Pandemic which is still impacting on the Club and the community. The Covid Pandemic saw the Club shutdown by Government orders for a period of 2 months. During that time, the Club re-arranged its gaming area to comply with social Distancing measures and these changes have been roundly welcomed by members and guests. The Club will continue to endeavour to provide a Covid Safe environment for staff and patrons and continues to update its Covid safety plan as NSW health updates come into effect.

The Club has performed exceptionally well in relation to the **short and long term objectives** set out in the financial report and exceeded the criteria outlined in the **Performance measures,** with a ratio of 1.92 current assets to current liabilities reflecting the strong balance sheet and a strong cash flow of $245,749 from operating activities, with $101,989 invested in capital purchases and $68,890 payments of leasing liabilities and a net increase of $87,870 of cash and cash equivalents.

The Club continues to maintain relevance and relationships with community and sporting groups and as part of our Corporate Responsibly strategic plan donated money and sponsored various community groups and events. One of charities we support through raffles and cash bingo held at the club is the Moruya District Hospital Auxiliary. We donated $2,000 to the Eurobodalla Meals on Wheels, provide donations to the Salvation Army Christmas lunch, Moruya Highschool Awards ceremony, the Special Kids Xmas party as well as assisting other community groups. The club provides facilities for local schools to engage in sport & recreation activities and continues to support the local community groups by providing free room hire for meetings.

Once again congratulations to our fantastic staff, it is a pleasure to come to work, and share a laugh and enjoy the company of your co-workers who are ably led by Assistant manager Mat Bell whom continues to excel in providing great customer service to our members and patrons.

Congratulations to Shane Cooper and Kim West and the team in the Kitchen and front of house staff, the Dining room has consistently provided great quality food and service.

Welcome to Warren Charlton who became our Head Greenkeeper in July last year and of course my girl Thursday and Friday, Mary Monaghan. This little Club continues to punch above its weight and I feel privileged to be a part of the Moruya Bowlo.

Grant Dempster

General Manager

Directors' Report

30 June 2020

Your Directors present their report on Moruya Bowling & Recreation Club Limited ("the Company") 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	Office Held	Years on Board	Qualifications, experience and responsibilities
R Wright	Chairman	14	Retired Registered Nurse
M Gerrey	Director	16	Retiree
B Larkin	Director	5	Retired Business owner
W Miller	Director	5	Automotive Spare Parts Salesman
W Strahan	Director	7	Retired Business owner
R Glover	Director	2	Retiree

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

Results of operations

The result of the Company after was a surplus of $179,022 (2019: deficit of $83,318).

Principal activities

The principal activities of Moruya Bowling & Recreation Club Limited during the financial year were to conduct a bowling, social and recreation club and to afford members the equal privileges, advantages, conveniences and facilities of a Registered Club. These activities allowed the Company to achieve the following short and long term objectives.

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

Short term objectives

The Company's short term objectives are to continue to provide quality facilities for the benefit of members and guests.

Long term objectives

From a long-term perspective, the Company seeks to ensure it's financial security by improving the facilities and services that we can offer our members. Financially, the reduction in overall debt levels will assist in this endeavour.

Directors' Report

Performance measures

The Company assesses it's performance in terms of it's achievement of strategic and financial objectives with reference to:

- the quality of the service and facilities provided to members;
- the ability to generate strong cash flows from its operating activities;
- the trading and overall financial result; and
- the stability of the balance sheet with respect to the Company's liquidity and the total levels of debt.

Members guarantee

Moruya Bowling & Recreation Club Limited 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 members and any person or association who ceased to be a member in the year prior to the winding up, is limited to $10, subject to the provisions of the Company's constitution.

At 30 June 2020 the collective liability of members was $ 33,830 (2019: $ 30,710).

Meetings of directors

During the financial year, 12 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number attended	**Number eligible to attend**
R Wright	12	12
M Gerrey	11	12
B Larkin	10	12
W Miller	11	12
W Strahan	12	12
R Glover	9	12

Directors' Report

Non-audit services

The Board of Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that these services disclosed in the notes to the financial statements did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Company Secretary prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of services provided does not compromise the general principles relating to auditor independence in accordance with *APES 110: Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

Auditor's independence declaration

The lead 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 4 of the financial report.

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

R. Wright OAM

R Wright
Chairman

Dated: 2 October 2020

DALEY
AUDIT

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Moruya Bowling & Recreation Club Ltd

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.

Daley Audit

Daley Audit

Stephen Milgate
Partner

Dated: 2 October 2020

Wollongong

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CHARTERED ACCOUNTANTS AUSTRALIA + NEW ZEALAND

Moruya Bowling & Recreation Club Limited

ABN: 48 306 012 969

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue	4	**2,580,999**	3,003,994
Other income	4	**459,412**	124,974
Bar trading - cost of sales		**(432,029)**	(515,533)
Bar trading - operating expenses		**(260,697)**	(246,262)
Bistro trading - cost of sales		**(309,348)**	(383,742)
Bistro trading - operating expenses		**(373,164)**	(383,110)
Poker machine expenses		**(245,731)**	(302,122)
TAB expenses		**(37,073)**	(50,028)
Keno expenses		**(49,446)**	(41,664)
Administrative expenses		**(536,703)**	(615,644)
Occupancy costs		**(285,714)**	(387,683)
Member expenses		**(237,855)**	(285,041)
Lease expenses	8	**(93,629)**	-
Finance expenses		**-**	(1,457)
Result for the year		**179,022**	(83,318)
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**179,022**	(83,318)

The accompanying notes form part of these financial statements.

Moruya Bowling & Recreation Club Limited

ABN: 48 306 012 969

Balance Sheet

As at 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**461,942**	374,072
Trade and other receivables	7	**91,939**	35,597
Inventories		**51,793**	49,128
Other assets		**4,596**	4,715
TOTAL CURRENT ASSETS		**610,270**	463,512
NON-CURRENT ASSETS			
Property, plant and equipment	9	**952,940**	1,226,873
Right-of-use assets	8	**146,145**	-
TOTAL NON-CURRENT ASSETS		**1,099,085**	1,226,873
TOTAL ASSETS		**1,709,355**	1,690,385
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**160,504**	279,884
Lease liabilities		**62,267**	-
Employee benefits	12	**93,894**	69,197
Borrowings	11	**-**	99,104
TOTAL CURRENT LIABILITIES		**316,665**	448,185
NON-CURRENT LIABILITIES			
Lease liabilities		**26,439**	-
Employee benefits	12	**21,619**	27,733
Borrowings	11	**-**	48,857
TOTAL NON-CURRENT LIABILITIES		**48,058**	76,590
TOTAL LIABILITIES		**364,723**	524,775
NET ASSETS		**1,344,632**	1,165,610
EQUITY			
Retained earnings		**1,344,632**	1,165,610
TOTAL EQUITY		**1,344,632**	1,165,610

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2020

	2020	2019
	$	$
Retained earnings		
Opening balance	**1,165,610**	1,248,928
Result for the year	**179,022**	(83,318)
Balance as at 30 June	**1,344,632**	1,165,610

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**3,160,206**	3,431,687
Payment to suppliers and employees		**(2,914,608)**	(3,139,380)
Interest received		**151**	589
Finance costs		**-**	(1,457)
Net cash provided by operating activities		**245,749**	291,439
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		**13,000**	3,766
Payment for property, plant and equipment		**(101,989)**	(233,570)
Net cash used in investing activities		**(88,989)**	(229,804)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net repayment of borrowings		**-**	(8,212)
Repayment of lease liabilities		**(68,890)**	-
Net cash used in financing activities		**(68,890)**	(8,212)
Net increase/(decrease) in cash and cash equivalents held		**87,870**	53,423
Cash and cash equivalents at beginning of year		**374,072**	320,649
Cash and cash equivalents at end of financial year	6	**461,942**	374,072

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2020

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

The functional and presentation currency of Moruya Bowling & Recreation Club Limited 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) Revenue and other income

Accounting policy applied from 1 July 2019

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.

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Accounting policy applied from 1 July 2019 (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:

Bar sales and poker machine income

Revenue is recognised at the point the customer purchases the goods and services at the venue. Payment of the transaction price is due immediately at the time of purchase.

Commissions

Commissions income is recognised over the period in which the related services are rendered.

Membership subscriptions

Membership services requires the annual subscription payment to be made upfront. A contract liability is recognised on receipt of the payment and recognised on a straight-line basis as revenue as the services are provided.

Government COVID-19 stimulus income

Income received recognised as in the period in which they are incurred. This is generally consistent with when payment is received for the cash flow boost and small business grant. For jobkeeper payments this is based on when amounts are receivable.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Accounting policy applied prior to 1 July 2019

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Subscriptions

Revenue from the provision of membership subscriptions is recognised in the year of receipt.

Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

(b) Borrowing costs

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

(c) Income tax

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

(d) Cash and cash equivalents

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

2 Summary of Significant Accounting Policies (continued)

(e) Leases

Accounting policy applied from 1 July 2019

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

(i) Right-of-use asset

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

2 Summary of Significant Accounting Policies (continued)

(e) Leases (continued)

(ii) Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Accounting policy applied prior to 1 July 2019

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(g) Property, plant and equipment

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

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.

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 asset are shown below:

Fixed asset class	Depreciation rate
Buildings and improvements	2 - 5%
Plant & equipment	10 - 20%
Furniture, fixtures and fittings	10 - 33%
Motor vehicles	20%
Poker machines	33%

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.

2 Summary of Significant Accounting Policies (continued)

(h) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost; or
- fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

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.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the balance sheet.

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

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

2 Summary of Significant Accounting Policies (continued)

(h) Financial instruments (continued)

Financial assets (continued)

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

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

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

2 Summary of Significant Accounting Policies (continued)

(h) Financial instruments (continued)

Financial assets (continued)

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company 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 financial liabilities of the Company comprise trade payables and lease liabilities.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(i) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(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.

2 Summary of Significant Accounting Policies (continued)

(k) 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 payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

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.

(l) Change in accounting policy

During the current year AASB 15 *Revenue from contracts with customers,* AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities* has become mandatory, refer to note 18 for information regarding the measurement of assets, liabilities, equity, income or expenses. The updated accounting policy is disclosed at note 2(a) and 2(e).

(m) 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 Company has decided not to early adopt these Standards.

3 Critical Accounting Estimates and Judgments

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 depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain property, plant and equipment.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - employee entitlements

As described in the accounting policies, provisions are measured at management’s best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

4 Revenue and Other Income

	2020 $	2019 $
Revenue from contracts with customers		
- Bar revenue	**758,056**	921,183
- Bistro revenue	**574,862**	714,833
- Poker machine revenue	**1,172,834**	1,237,781
- Keno commissions	**35,934**	38,252
- TAB commissions	**4,599**	18,424
- Green fees	**7,847**	13,393
- Hire fees	**9,446**	7,462
- Subscriptions	**7,459**	27,034
- Bingo income	**8,201**	12,290
- Net raffle income	**1,761**	13,342
	2,580,999	3,003,994
Other revenue		
- Government subsidies	**239,321**	-
- Grant income	**70,158**	-
- Gain on disposal of property, plant and equipment	**13,000**	-
- Interest income	**151**	589
- Other income	**136,782**	124,385
	459,412	124,974

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated; the following table shows this breakdown:

	2020 $
Timing of revenue recognition	
- At a point in time	**2,573,540**
- Over time	**7,459**
Revenue from contracts with customers	**2,580,999**

Notes to the Financial Statements

For the Year Ended 30 June 2020

5 Result for the Year

	Note	2020 $	2019 $
Depreciation	9	**195,475**	257,470
Interest expense on financial liabilities		**-**	1,457
Employee benefit expenses (including superannuation contributions)		**1,058,587**	1,100,221
Superannuation contributions		**71,021**	88,395
Rental expense on operating leases			
- minimum lease payments		**-**	31,009

6 Cash and cash equivalents

	2020 $	2019 $
Cash on hand	**80,000**	80,000
Cash at bank	**381,942**	294,072
	461,942	374,072

7 Trade and other receivables

	2020 $	2019 $
Other debtors	**91,939**	35,597

8 Leases

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Company as a lessee

The Company has leases over gaming equipment. Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

There are leases existing over gaming equipment up to 36 months.

8 Leases (continued)

Right-of-use assets

	Plant and Equipment
	$
Year ended 30 June 2020	
Balance at beginning of year	**202,170**
Additions	**26,500**
Transfers out	**(21,723)**
Depreciation	**(60,802)**
Balance at end of year	**146,145**

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2020
	$
Expenses relating to short-term leases	**(32,827)**
Depreciation expense	**(60,802)**
	(93,629)

Statement of Cash Flows

Total cash outflow for leases	**101,807**

Notes to the Financial Statements

For the Year Ended 30 June 2020

9 Property, plant and equipment

	2020	2019
	$	$
Buildings		
At cost	**2,409,223**	2,305,774
Accumulated depreciation	**(1,773,061)**	(1,714,163)
	636,162	591,611
Plant and equipment		
At cost	**489,878**	493,676
Accumulated depreciation	**(372,144)**	(351,132)
	117,734	142,544
Motor vehicles		
At cost	**47,264**	47,264
Accumulated depreciation	**(37,559)**	(29,605)
	9,705	17,659
Poker machines		
At cost	**886,865**	1,109,898
Accumulated depreciation	**(804,784)**	(811,362)
	82,081	298,536
Furniture, fixtures and fittings		
At cost	**441,402**	410,292
Accumulated depreciation	**(334,144)**	(297,769)
	107,258	112,523
Work in progress		
At cost	**-**	64,000
Total property, plant and equipment	**952,940**	1,226,873

Notes to the Financial Statements

For the Year Ended 30 June 2020

9 Property, plant and equipment (continued)

(a) 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:

	Buildings	Plant & equipment	Motor vehicles	Poker machines	Furniture & fittings	Work in progress	Total
	$	$	$	$	$	$	$
Balance at 1 July 2019	591,611	142,544	17,659	298,536	112,523	64,000	**1,226,873**
Additions	33,410	3,503	-	32,060	33,016	-	**101,989**
Transfers	64,000	-	-	(180,447)	-	(64,000)	**(180,447)**
Depreciation expense	(52,859)	(28,313)	(7,954)	(68,068)	(38,281)	-	**(195,475)**
Balance at 30 June 2020	**636,162**	**117,734**	**9,705**	**82,081**	**107,258**	**-**	**952,940**

9 Property, plant and equipment (continued)

(b) Core and Non-Core Property

As required under section 41J of the *Registered Clubs Act 1976*, the Company is required to specify the core property and non-core property as at the end of the financial year. Accordingly, the Board considers as core property the licensed premises, from which the Company operates on leased land at Shore Street, Moruya NSW. Accordingly, the premises on that leased land and the adjoining grounds are regarded as core property.

10 Trade and other payables

	2020 $	2019 $
Trade payables	**55,673**	116,358
Other payables	**104,831**	93,369
Contract liabilities - income in advance	**-**	70,157
	160,504	279,884

11 Borrowings

	2020 $	2019 $
CURRENT		
Secured liabilities:		
Lease liability secured	**-**	99,104
NON-CURRENT		
Secured liabilities:		
Lease liability secured	**-**	48,857

Leased liabilities are secured by the underlying leased assets.

Refer to note 8 for information on leases for 2020.

Notes to the Financial Statements

For the Year Ended 30 June 2020

12 Employee benefits

	2020	2019
	$	$
CURRENT		
Employee benefits	**93,894**	69,197
NON-CURRENT		
Employee benefits	**21,619**	27,733

13 Leasing commitments

(a) Finance leases

	2020	2019
Minimum lease payments:		
- not later than one year	-	99,104
- between one year and five years	-	48,857
	-	147,961

(b) Operating leases

	2020	2019
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	11,579

The Club has an operating rental agreement for the rental of the Land on which the Clubhouse and surrounds is located, expiring October 2019. At present negotiations of a new operating rental agreement are in progress, and the current lease is expected to continue on a month-to-month basis until the new agreement is finalised.

Refer to note 8 for information on leases for 2020.

14 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the Company was $117,090 (2019: $119,829).

15 Related Party Transactions

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

(a) A close family member of one of the Company's Key Management Personnel is employed under the relevant industrial award and is subject to the terms and conditions applicable to all employees of the Company.

(b) Key Management Personnel are provided with and/or reimbursed for meals, drinks and other expenses incurred in the course of undertaking the Company’s business. These costs are not considered to be remuneration and hence have not been included in this disclosure.

16 Contingent liabilities

A guarantee has been given by the Club's Bankers to a third party for $5,000 (2019: $5,000).

Notes to the Financial Statements

For the Year Ended 30 June 2020

17 Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 $	2019 $
Financial Assets			
Cash and cash equivalents	6	**461,942**	374,072
Trade and other receivables	7	**91,939**	35,597
Total financial assets		**553,881**	409,669
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	10	**160,504**	209,727
Lease liabilities	8	**88,706**	-
Borrowings	11	**-**	147,961
Total financial liabilities		**249,210**	357,688

Net fair values

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

Notes to the Financial Statements

For the Year Ended 30 June 2020

18 Change in Accounting Policy

On 1 July 2019 the Company adopted the following new accounting standards that were mandatory for the first time:
- AASB 15 *Revenue from contracts with customers*
- AASB 16 *Leases*
- AASB 1058 *Income for Not-for-Profit Entities*

All standards have been applied to the year ended 30 June 2020, however, as allowed, comparatives have not been restated.

AASB 15 and AASB 1058 resulted in changes to accounting policies, however no adjustments were required to be recognised in the financial statements.

The following changes were required to be made a result of adopting AASB 16:

	Previously stated $	1 July 2019 Adjustments $	Restated $
Balance Sheet			
Non-current assets			
Property, plant and equipment	1,226,873	(202,170)	1,024,703
Right-of-use assets	-	202,170	202,170
Total non-current assets	1,226,873	-	1,226,873
Total assets	1,690,385	-	1,690,385
Current liabilities			
Lease liabilities	-	99,104	99,104
Borrowings	99,104	(99,104)	-
Total current liabilities	448,185	-	448,185
Non-current liabilities			
Lease liabilities	-	48,857	48,857
Borrowings	48,857	(48,857)	-
Total non-current liabilities	76,590	-	76,590
Net assets	1,165,610	-	1,165,610

Notes to the Financial Statements

For the Year Ended 30 June 2020

19 Key Judgements

Unprecedented developments have arisen during the year and subsequent to balance date due to the COVID-19 pandemic. Given the ongoing measures implemented by the State and Federal Government's, there has already been a significant impact upon the economy, which is yet to be fully realised, notwithstanding stimulus measures announced. It is likely that there will be wide-ranging impacts for the Company, including the potential:

- loss of trading income and other income; and
- favourable stimulus measures by the government

The ultimate extent of the financial outcomes as they affect the Company are currently unable to be reliably quantified. However, substantial unencumbered liquid financial reserves have been accumulated; which will allow the Company to withstand a prolonged downturn in the general economy – prior to any consideration of further government stimulus measures. Accordingly, at the date of signing this financial report, the Directors remain confident that the Company will remain a going concern.

20 Events after the end of the Reporting Period

The financial report was authorised for issue on 2 October 2020 by the Board of Directors.

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

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 31, are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standards - Reduced Disclosure Requirement; 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.

R Wright OAM

R Wright
Chairperson

Dated: 2 October 2020

Independent Audit Report to the members of Moruya Bowling & Recreation Club Ltd

Report on the Financial Report

Opinion

We have audited the financial report of Moruya Bowling & Recreation Club Limited ("the Company"), which comprises the balance sheet as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 then ended; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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Liability limited by a Scheme approved under Professional Standards Legislation.

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Independent Audit Report to the members of Moruya Bowling & Recreation Club Ltd

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information is the Directors' report for the year ended 30 June 2020, but does not include the financial report and auditor's report thereon, accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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.

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.

DALEY
AUDIT

Independent Audit Report to the members of Moruya Bowling & Recreation Club Ltd

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Daley Audit

Daley Audit

Stephen Milgate
Partner

Wollongong

Dated: 2 October 2020

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