
The Hills District Bowling Club Limited

ABN 92 147 646 638

Financial Statements
For the Year Ended 31 May 2020

The Hills District Bowling Club Limited
Directors' Report
For the Financial Year Ended 31 May 2020

The directors present their report, together with the financial report of The Hills District Bowling Club Limited (the company) for the year ended 31 May 2020.

Directors

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

Name	Position	Commenced/Ceased Position	Qualifications	Experience and Expertise
Ken Carroll	Chairperson	Re-elected Chairperson August 2019	Information Technology	Project Management
Elizabeth Leahy	Vice President	Re-elected Director August 2019	Diploma of Financial Planning	Self Employed Financial Planner 25 years
Uwe Bendt	Treasurer	Re-elected Director August 2019, resigned July 2020	Retired Business and Systems Analyst	Trust Accounting, Property Management, Business and Systems Analysis, Project Management
Dennis Halford	Director	Re-elected Director August 2019	Graduate University of Colorado USA in Commerce	Managing Director Finance
Erik Hobson	Director	Re-elected August 2017; Ceased August 2019	Structural Detail, Draftsman	Golf Club Board, Contract Draftsman
David Smith	Director	Re-elected Director August 2019	Electrical Contractor	Business Owner
Joe Logue	Director	Re-elected Director August 2019	FCPA, FPNGSA	Finance Manager
Ron Donaldson	Director	Appointed January 2018; Ceased October 2019	Communications	Communications Development and Management
Jim Castles	Director	Elected Director August 2019; Ceased February 2020	Retired Manager	Civil Engineering Design, Systems Management, Information Systems
Phil Axiak	Director	Elected August 2019	Management	Building / Construction

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Directors' Report
For the Financial Year Ended 31 May 2020

Directors' meetings

The number of directors' meetings of the company's Board of Directors (the Board) that each director was eligible to attend and the number of meetings attended by each director was:

Director	Meetings Held*	Meetings Attended
Ken Carroll	13	13
Elizabeth Leahy	13	13
Uwe Bendt	13	13
Dennis Halford	13	13
Erik Hobson	3	3
Joe Logue	13	13
David Smith	13	13
Ron Donaldson	5	5
Jim Castles	6	5
Phil Axiak	8	7

*Number of meetings held during the time the director held office during the year.

Principal activities during the year

During the year, the principal activities of the company consisted of operating as a registered club, providing and supporting social amenities, lawn bowls and activities for members and their invited guests.

Changes in state of affairs

COVID-19 significantly disrupted the club industry in the latter of the financial year, forcing the club to cease or reduce trading for a number of months. There have been no other significant changes in the state of affairs of the company during the financial year.

Operating result

The loss of the company for the financial year after providing for income tax amounted to \$646,860 (2019: \$392,822 loss). When movements in the revaluation of land and buildings are considered, the total comprehensive loss of the company for the financial year amounted to \$46,860 (2019: \$392,822 loss).

Objectives

Short term objectives

- Provide well maintained amenities and facilities that meet the needs of members;
- Maintain financial viability;
- Maintain a high level of customer service, and satisfaction; and
- Provide and maintain resources and facilities that enable lawn bowling members to effectively participate in competition and social lawn bowls.

Long term objectives

- To ensure the club has a strong financial future;
- To ensure the club is a desirable entertainment venue for members and guests;
- To promote, develop, and maintain the game of lawn bowls to ensure the long-term viability of the game; and
- To develop the club as a meeting place for social cohesion in the Hills District.

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Directors' Report
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Strategy for achieving the objectives

- Provide members with a diverse range of entertainment, activities and facilities;
- Continue to grow membership and maintain a strong financial position;
- Continue to participate in and fund activities that both promote the development of lawn bowls, and support the community;
- Seek and increase affiliation of other sports; and
- Promote the club as a meeting place for social cohesion by supporting local community organisations.

Performance measures

The club measures its activities using financial and non-financial key performance indicators using;

- Club membership growth
- Benchmarking key performance indicators against other clubs; and
- Comparison of actual financial performance to budgeted performance.

Events subsequent to balance sheet date

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

Future developments

As indicated in previous financial years, the club will take advantage of improvement, amalgamation, and development opportunities that arise if they meet the club's objectives. The board will report the result of such operations to the members within the limits required to maintain commercial in confidence information that may be likely to result in unreasonable prejudice to the company. On 25 May 2020, the club signed a Project Delivery Agreement (PDA) with THBC Residences Pty Ltd to redevelop the site at 6-18 Jenner Street, Baulkham Hills.

Liability of members

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$4 each towards meeting any outstanding obligations of the entity. At 31 May 2020, there were 4,008 members (2019: 4,361); and the total amount that the members of the company would be liable to contribute if the company was wound up is \$16,032 (2019: \$17,444).

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary and all executive officers of the company and any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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Directors' Report
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The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any related body corporate against a liability incurred as such an officer or auditor.

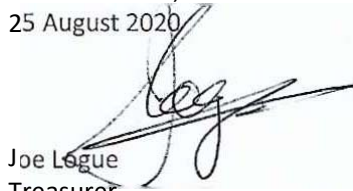
Auditor's independence declaration

A copy of the independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the directors:



Ken Carroll
Chairperson
Baulkham Hills, NSW
25 August 2020



Joe Logue
Treasurer
Baulkham Hills
25 August 2020

The Hills District Bowling Club Limited

**Auditor's Independence Declaration to the Directors of The Hills District Bowling Club Limited
For the Financial Year Ended 31 May 2020**

In accordance with the requirements of the *Corporations Act 2001*, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



SDJA



Simon Joyce

Director

25 August 2020

Sydney, New South Wales

The Hills District Bowling Club Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 May 2020

	Notes	2020 \$	2019 \$
Revenue			
Revenue	4	3,663,600	4,765,253
Other income	4	383,069	156,259
Total revenue		4,046,669	4,921,512
Expenses			
Cost of sales		(840,640)	(1,011,277)
Advertising expenses		(8,935)	(18,857)
Audit and accounting fees		(31,955)	(35,879)
Cleaning expenses		(139,318)	(192,188)
Depreciation and amortisation		(423,451)	(441,949)
Bowls secretary, selectors, coordinator and coaching expenses		(25,399)	(82,736)
Directors honarium expenses		(9,891)	(21,860)
Directors training and services		(2,330)	(4,269)
Employee benefits expense		(1,582,180)	(1,662,939)
Entertainment and promotional expenses		(397,324)	(637,576)
Finance costs		(4,474)	(45,470)
Insurance expenses		(119,362)	(93,170)
Loss on disposal of assets		(172,748)	-
Poker machine duty expense		(206,049)	(286,790)
Printing, postage and stationery expense		(15,720)	(18,051)
Repairs and maintenance expense		(127,272)	(164,194)
Security expenses		(40,807)	(64,267)
Trophies, pennants and competition expenses		(36,567)	(41,063)
Utilities expense		(162,055)	(152,718)
Women's bowling club expenses		-	(16,621)
Greenkeeping fees		(131,281)	(144,402)
Other expenses		(215,771)	(178,058)
Total expenses		(4,693,529)	(5,314,334)
Net loss before income tax		(646,860)	(392,822)
Income tax expense		-	-
Net loss for the year		(646,860)	(392,822)
Other comprehensive income:			
Revaluation of land and buildings		600,000	-
Total comprehensive loss		(46,860)	(392,822)

The accompanying notes form part of these financial statements.

The Hills District Bowling Club Limited
Statement of Financial Position
As at 31 May 2020

	Notes	2020	2019
		\$	\$
Assets			
Current			
Cash and cash equivalents	5	382,922	518,146
Trade and other receivables	6	96,137	26,174
Other current assets	7	-	29,438
Inventories	8	44,480	56,394
Current assets		523,539	630,152
Non-current			
Property, plant and equipment	9	13,482,767	13,366,997
Intangible assets	10	123,824	150,116
Non-current assets		13,606,591	13,517,113
Total assets		14,130,130	14,147,265
Liabilities			
Current			
Trade and other payables	11	263,577	398,837
Employee benefits	12	74,158	83,078
Borrowings	13	53,576	101,941
Other liabilities	14	2,290	43,333
Current liabilities		393,601	627,189
Non-current			
Employee benefits	12	23,110	23,110
Borrowings	13	506,005	242,692
Non-current liabilities		529,115	265,802
Total liabilities		922,716	892,991
Net assets		13,207,414	13,254,274
Equity			
Reserves	15	8,736,783	8,136,783
Retained earnings		4,470,631	5,117,491
Total equity		13,207,414	13,254,274

The accompanying notes form part of these financial statements.

The Hills District Bowling Club Limited
Statement of Changes in Equity
For the Financial Year Ended 31 May 2020

	Notes	Asset Revaluation Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 June 2018		8,136,783	5,510,313	13,647,096
Loss for the year		-	(392,822)	(392,822)
Other comprehensive income		-	-	-
Total comprehensive loss		-	(392,822)	(392,822)
Balance at 31 May 2019		8,136,783	5,117,491	13,254,274
Balance at 1 June 2019		8,136,783	5,117,491	13,254,274
Loss for the year		-	(646,860)	(646,860)
Other comprehensive income:		-	-	-
Revaluation of land and buildings	15	600,000	-	600,000
Total comprehensive income/(loss)		600,000	(646,860)	(46,860)
Balance at 31 May 2020		8,736,783	4,470,631	13,207,414

The accompanying notes form part of these financial statements.

The Hills District Bowling Club Limited
Statement of Cash Flows
For the Financial Year Ended 31 May 2020

	Notes	2020	2019
		\$	\$
Cash flows from operating activities			
Receipts from customers		4,191,345	5,342,417
Receipts from government stimulus		125,000	-
Payments to suppliers and employees		(4,579,989)	(5,444,130)
Interest received		3,623	7,441
Net cash used in operating activities		(260,021)	(94,272)
Cash flows from investing activities			
Purchase of property, plant and equipment		(85,677)	(206,645)
Net cash used in investing activities		(85,677)	(206,645)
Cash flows from financing activities			
Net proceeds from borrowings		214,948	93,506
Interest paid		(4,474)	(45,470)
Net cash provided by financing activities		210,474	48,036
Net change in cash and cash equivalents		(135,224)	(252,881)
Cash and cash equivalents at beginning of financial year		518,146	771,027
Cash and cash equivalents at end of financial year	5	382,922	518,146

The accompanying notes form part of these financial statements.

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2020

1. General information

The financial report covers The Hills District Bowling Club Limited as an individual entity. The Hills District Bowling Club Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The principal place of business is 6-18 Jenner Street, Baulkham Hills, NSW.

The financial report was authorised for issue by the directors on 25 August 2020.

With the exception of reclassifications between certain financial statement line items, comparatives are consistent with prior years, unless otherwise stated.

2. Changes in accounting policies

New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2019. The adoption of these amendments has not had a material impact on the entity.

AASB 16 Leases

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. An entity shall consider the terms and conditions of contracts and all relevant facts and circumstances when applying this standard. An entity shall apply this standard consistently to contracts with similar characteristics and in similar circumstances. The adoption of this new accounting standard has not had a material impact on the entity's financial statements.

AASB 15 Revenue from Contracts with Customers

The objective of this standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of this new accounting standard has not had a material impact on the entity's financial statements.

AASB 1058 Income of Not-for-Profit Entities

This standard provides a more comprehensive model for accounting for income of not-for-profit entities for the recognition of income. Under this standard, the timing of income recognition will depend on whether a transaction gives rise to a performance obligation, liability or contribution by owners. The adoption of this new accounting standard has not had a material impact on the entity's financial statements.

Accounting Standards issued but not yet effective and not been adopted early by the entity

A number of new and revised standards have been issued but are not yet effective and have not been adopted early by the entity. The directors are currently assessing the impact such standards will have on the entity.

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2020

3. Summary of accounting policies

Financial reporting framework

The general purpose financial statements of the entity have been prepared in accordance with the requirements of the *Corporations Act 2001*.

Statement of compliance

The general purpose financial statements of the entity have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

The financial statements are presented in Australian Dollars (\$AUD), which is also the functional currency of the company.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

Revenue

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.

Sale of goods

Sale of goods are recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Poker machines

Poker machine revenue is recognised net of payouts.

Membership

Membership revenue is recognised in the year in which it relates.

Commissions

Commission revenue is recognised when it is received or when the right to receive payment is established.

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2020

Income taxes

No provision for income tax has been raised as the entity has self-assessed as being exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

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 estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Property, plant and equipment

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

Land and buildings

Land is shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment of buildings. The valuations are undertaken more frequently if there is a material change in fair value relative to the carrying amount. Any accumulated depreciation at the date of valuation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on valuation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken up in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter decrements are taken to the profit and loss.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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	2.5%
Plant and Equipment	15% - 20%

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2020

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.

Intangible assets

Poker machine entitlements

Poker machine entitlements are considered to have an indefinite useful life as a result of the expiry of the ten year period initially indicated by the New South Wales government. The company tests for impairment annually, irrespective of whether there is any indication of impairment.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

Impairment of non-financial assets

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

Where an 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 CGU.

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.

Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. 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

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2020

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The company's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if the intention of the company is to hold them until maturity.

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2020

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest 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.

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as:

- (a) loans and receivables
- (b) held-to-maturity investments or
- (c) financial assets at fair value through profit or loss.

Listed shares held by the entity that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the entity's right to receive the dividends is established.

Impairment of financial assets

At the end of the reporting period the company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Impairment on financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Impairment on available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2020

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The entity's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to the short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are not usually paid within 30 days of recognition.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

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

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.

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

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.

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.

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2020

Reserves

Components of equity include the following:

- revaluation reserve – comprises gains and losses from the revaluation of land and buildings (see Note 15)

Retained earnings include all current and prior period retained profits.

Significant judgement in applying accounting policies

When preparing the financial statements, the directors undertake a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, the directors estimate the recoverable amount of each asset or cash-generating units, based on expected future cash flows and uses an interest rate to discount them.

Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Inventories

The directors estimate the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Useful lives of depreciable assets

The directors review their 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 software and IT equipment.

Fair value of financial instruments

The company has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2020

	2020	2019
	\$	\$
4. Revenue		
Gaming machine revenue	1,510,566	2,057,285
Bar revenue	1,030,665	1,248,497
Catering revenue	693,106	898,145
Keno commission	24,789	52,334
Functions and raffle revenue	180,509	211,341
Bowls revenue	31,457	41,831
Membership revenue	114,389	146,094
Commission and rebates received	51,727	78,179
TAB commission	26,392	31,547
	3,663,600	4,765,253
Other income		
Grant income - JobKeeper and Cash Flow Boost	200,000	-
Interest income	3,623	7,441
Other revenue	179,446	148,818
	383,069	156,259
5. Cash and cash equivalents		
Cash on hand	-	100,000
Cash at bank	372,505	99,396
Short term deposits	10,417	318,750
	382,922	518,146
6. Trade and other receivables		
Current		
Trade receivables	21,137	26,174
Accrued income	75,000	-
	96,137	26,174
7. Other assets		
Prepayments	-	29,438
	-	29,438
8. Inventories		
Stock on hand - kitchen and bar	26,596	39,245
Stock on hand - bowls and greens	17,884	17,149
	44,480	56,394

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2020

	2020 \$	2019 \$
9. Property, plant and equipment		
Freehold land at fair value	8,600,000	8,000,000
	8,600,000	8,000,000
Buildings at cost or fair value	4,500,190	4,525,380
Buildings accumulated depreciation	(345,076)	(228,534)
	4,155,114	4,296,846
Plant and equipment at cost	2,061,621	3,384,688
Plant and equipment accumulated depreciation	(1,392,089)	(2,314,537)
	669,532	1,070,151
Capital works in progress	58,121	-
Total property, plant and equipment	13,482,767	13,366,997

	Land \$	Buildings \$	Plant & Equipment \$	Capital Works in Progress \$
Net carrying amount 1 June 2019	8,000,000	4,296,846	1,070,151	-
Additions	-	-	27,556	58,121
Disposals	-	(29,193)	(143,555)	-
Depreciation	-	(112,539)	(284,620)	-
Revaluation	600,000	-	-	-
Net carrying amount 31 May 2020	8,600,000	4,155,114	669,532	58,121

	Total \$
Net carrying amount 1 June 2019	13,366,997
Additions	85,677
Disposals	(172,748)
Depreciation	(397,159)
Revaluation	600,000
Net carrying amount 31 May 2020	13,482,767

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2020

	2020 \$	2019 \$
10. Intangibles		
Security equipment license at cost	105,848	105,848
Security equipment license accumulated amortisation	(86,129)	(59,837)
	19,719	46,011
 Poker machine entitlements at cost	 104,105	 104,105
	104,105	104,105
 Total intangibles	 123,824	 150,116

	Security Equipment License \$	Poker Machine Licenses \$	Total \$
Net carrying amount 1 June 2019	46,011	104,105	150,116
Additions	-	-	-
Disposals	-	-	-
Amortisation	(26,292)	-	(26,292)
Net carrying amount 31 May 2020	19,719	104,105	123,824

	2020 \$	2019 \$
11. Trade and other payables		
Current		
Trade creditors	32,677	149,309
Accrued expenses	218,895	222,058
Net GST payable	12,005	27,470
	263,577	398,837

12. Employee benefits		
Current		
Provision for annual leave	58,380	64,298
Provision for long service leave	15,778	18,780
	74,158	83,078
 Non-current		
Provision for long service leave	23,110	23,110
	23,110	23,110

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2020

	2020	2019
	\$	\$
13. Borrowings		
Current		
Hire purchase	53,576	101,941
	53,576	101,941
Non-current		
Bank loans	-	150,000
Hire purchase	6,005	92,692
Loan - Nasr Group Investments Pty Ltd	500,000	-
	506,005	242,692

On 9 April 2020, the Club entered into a loan agreement with Nasr Group Investments Pty Ltd for working capital purposes. The loan has an interest rate of 9%, a facility limit of \$1,000,000, and a mortgage over 6-18 Jenner Street, Baulkham Hills NSW 2153. The maximum term of the agreement is 24 months. As at the end of 31 May 2020, \$500,000 was drawn down and \$500,000 was unutilised.

	2020	2019
	\$	\$
14. Other liabilities		
Current		
Membership in advance	2,290	43,333
	2,290	43,333

15. Reserves		
Asset revaluation reserve	8,736,783	8,136,783
	8,736,783	8,136,783

The asset realisation reserve has been utilised for the revaluation of land and buildings held at fair value. The latest valuation was completed by Herron Todd White and was performed on an "as is, alternative use" basis i.e. was focused on the fair value of the land only. Their valuation report was issued on the 10 September 2019 and has resulted in an uplift to the fair value of land and the asset revaluation reserve of \$600,000 for the financial year ended 31 May 2020.

16. Commitments

Club renovations

The entity performed an Alfresco Gaming Room update. In May 2020, the entity entered into a contract with a builder and the first progress claim was issued prior to the financial year ended 31 May 2020. As at 31 May 2020, \$58,121 of works had been completed, but were not yet ready for use. See Note 9 for capital works in progress. Costs incurred after year end were \$275,812, bringing the total value of the projected renovation cost to \$333,933. Works were completed in July 2020.

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2020

	2020	2019
	\$	\$
16. Commitments (continued)		
<u>Club renovations</u>		
Within 1 year	275,812	-
	275,812	-

Club site redevelopment

On 25 May 2020, the entity signed a Project Delivery Agreement (PDA) with THBC Residences Pty Ltd to redevelop the site at 6-18 Jenner Street, Baulkham Hills.

The entity had no other material capital commitments for the year ended 31 May 2020.

17. Related parties

The entity's related parties include its key management personnel and related entities as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

	2020	2019
	\$	\$
<u>Transactions with related entities</u>		
Honorariums for bowls selectors	4,000	4,000
Director expenses including training and seminars	2,330	4,269
Payment for director honorariums	9,891	21,860
Honorariums for chairman of umpires	500	500

Balances with related entities

Loan payable - Nasr Group Investments Pty Ltd	500,000	-
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The loan payable with Nasr Group Investments Pty Ltd is deemed a related entity due to the fact that one of the directors of Nasr Group Investments Pty Ltd is related to a director of the club. An extensive tender process was undertaken in the acquisition of the loan of which Nasr Group Investments Pty Ltd was successful based on its merit and in the best commercial interest of the club. Refer to note 13 for further details regarding this balance.

There were no trade receivables from, nor trade payables, to related parties at the current and previous reporting date.

18. Contingent liabilities

There are no contingent liabilities that have been incurred by the entity as at reporting date.

19. Subsequent events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

The Hills District Bowling Club Limited
Directors' Declaration
For the Financial Year Ended 31 May 2020

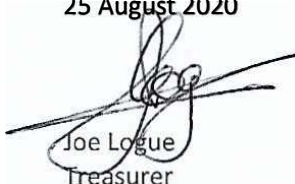
The directors of the company declare that in the directors' opinion:

- a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the company's financial position as at 31 May 2020 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
- b) there are reasonable grounds to believe that the company is able to pay all of its debts, as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Ken Carroll
Chairperson
Baulkham Hills, NSW
25 August 2020



Joe Logue
Treasurer
Baulkham Hills, NSW
25 August 2020

The Hills District Bowling Club Limited
Independent Auditor's Report to the Members of The Hills District Bowling Club Limited
For the Financial Year Ended 31 May 2020

Opinion

We have audited the financial report of The Hills District Bowling Club Limited (the company), which comprises the statement of financial position as at 31 May 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 financial report of The Hills District Bowling Club Limited has been prepared in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 31 May 2020 and of its financial performance for the year then ended; and

(b) 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 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.

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

The directors of the company are responsible for the other information. The other information is the directors' report 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 the Directors for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the company are responsible for assessing the registered 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 of the company either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so. The directors of the company are responsible for overseeing the company's financial reporting process.

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.

A further description of our responsibilities for audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.



SDJA



Simon Joyce

Director

25 August 2020

Sydney, New South Wales