

cabra bowls
TWO CLUBS ONE COMMUNITY  group

A large, dark blue, stylized letter 'C' that frames the central text. The 'C' has a white interior and is decorated with various patterns: a dotted pattern on the left side, a striped pattern at the bottom right, and a dotted pattern at the bottom left. The text '2018 - 2019 ANNUAL REPORT' is centered within the white space of the 'C'.

2018 – 2019
ANNUAL
REPORT

CABRAMATTA BOWLING & RECREATION CLUB LTD

ABN 48 000 976 894

Financial Report Year Ended 31st May 2019

President's Report 2019

It is very pleasing to know that our Club has recorded a profit of \$ 1,299,094 for the year ended 31st May 2019. I congratulate our Group Chief Executive Officer Jay Porter and Group General Manager Nathaniel Schryver and their staff on their professional effort this year. To all our bar staff for their dedication, it is a real pleasure to walk into our club and always see smiling faces to greet you.

I thank all the Directors for their support, time and hard work over the past year and look forward to working with you in the future.

Since coming on board, Bundeena Community and Services Club has exceeded all expectations and I thank our Venue Manager, Camilla Hargreaves and all her staff for a job well done.

I would also like to welcome our new Group Member, Club Malua and looking forward to a successful partnership. We will always be looking for suitable clubs to amalgamate with to make our Group stronger.

On the bowls front, to our bowls co-ordinators, Ray Pearse, Aaron Wilson and Frank Schocher, thank you for all your contributions in making the members play days at Cabramatta enjoyable.

Congratulations to our men's No 1's and our ladies No.2 Pennant teams for qualifying for the State Playoffs. Well done.

In the Australian Open we had some great results. In the Men's Singles Carl Healey made the semi finals. Jessica Hogan won a silver medal in the Ladies fours. Carmen Anderson and Jessica Hogan won a silver medal in the Ladies Pairs. Ray Pearse won a gold medal with Aron Sherriff in the Men's Pairs. Also I would like to congratulate all our club members who participated in the event, you made Cabramatta very proud.

To our Women's Bowling Club, congratulations on their 60th bowling anniversary in May, it is a wonderful achievement on reaching this milestone.

In closing, I wish to thank my wife Sandra and to all members for your support. Wishing you all the very best for the future.

Colin Strudwick
President

CABRAMATTA BOWLING & RECREATION CLUB LTD

ABN 48 000 976 894

Financial Report Year Ended 31st May 2019

Chief Executive Officer Report 2019

It is again my pleasure to present my report to you our members. The Group has achieved a Net Surplus of \$1,299,094. Our Bundeena venue contributed a healthy and pleasing \$156,153 to the Net result. The net surplus of \$1,299,094 includes \$598,170 in relation to the increase in fair value of investment properties. Investment properties have been presented and recognised in accordance with Australian Accounting Standards AASB 140 Investment Properties for the years ended 31 May 2019 and 31 May 2018. I draw your attention to the explanatory notes in the financial statements in particular note 1(d) and 1(v) describing the accounting policies applied and the effect on the restatement on the comparative balances.

During the past year the Cabra Bowls Group has continued to seek out opportunities for expansion in line with our strategic objectives. As a result, we amalgamated with Club Malua in May 2019 and we warmly welcome all our new members from this premises. The amalgamation process was lengthy and I pay tribute to the efforts of Denis Bevan and Peter Cook, Chairman of the Club Malua Board and Secretary Manager respectively. These gentlemen were ably assisted during the amalgamation by their committees and staff. As noted, the amalgamation is now finalised, we are excited about commencing the renovations at the Malua site in the coming months. These renovations should be completed by early December this year in preparation for the busy holiday period.

2019 is the first full trading year for our Bundeena premises and I am sure that all members who have experienced the quality food and atmosphere would join with me in complimenting our Venue Manager Camilla Hargreaves and Head Chef Michael Sturgess and their teams. We are grateful for the community support we receive, as a result we have been in the position to give generously to the local community of Bundeena and Maianbar through sponsorship grants. This annual sponsorship initiative is one that we intend to continue. I would like to thank Graeme Kelly OAM and his committee from our Bundeena premises for their dedication and advice on a range of issues throughout the last year.

The Cabramatta premises continues to trade well and we are always conscious of the competitive nature of the local area. Management strives to keep abreast of the latest industry trends by attending regular training seminars and industry networking. Over the past year we have seen a staffing restructure with the addition of a Group General Manager. Nathaniel Schryver was appointed to that position from his previous role as Gaming and Compliance Manager. Our Group Management team consisting of Carmen Soliz (CFO) and Jessica Watkins (Marketing) have both excelled once again and I thank them for their continued dedication. Tanya Watkins our Cabramatta Venue Manager has resigned after nearly 16 years' service to our club. I take this opportunity to wish Tanya all the best on her new path.

Once again, our bowlers have had a fantastic year. The Men's Grade 1 pennant team won the State Championship for the third consecutive year. This is a remarkable achievement given the talented bowlers in NSW. Our ladies' teams will compete at Kingscliff and surrounding towns in August for their State Pennant Championships. I wish both Cabramatta and Malua Ladies all the best at these championships. We achieved many great things this year both individually and collectively and I draw your attention to the bowls achievement section in this report.

Our long time President Michael Morthorpe resigned this year after many years on the Board. Michael's dedication to this club is without question evidenced by his numerous achievements during his reign as President. I thank Michael for his leadership and commend him on his time as a Director and President. I would like to thank President Colin Strudwick and his Board for their support and guidance. The Board continue to attend regular seminars and conferences to keep themselves informed of compliance and regulatory requirements pertinent to the club industry.

In closing I thank all staff for their efforts over the past year and I look forward to another exciting and rewarding year for our Club Group.

Jay Porter
Group Chief Executive Officer

CABRAMATTA BOWLING & RECREATION CLUB LTD
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Financial Report Year Ended 31st May 2019

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CABRAMATTA BOWLING & RECREATION CLUB LTD

ABN 48 000 976 894

Financial Report Year Ended 31st May 2019

DIRECTORS REPORT

Your directors present this report on the company for the financial year ended 31 May 2019.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Michael MORTHORPE (Resigned 3 April 2019)

Colin STRUDWICK

Fred PRIESTLY

Fred FARDELL

Kevin WILLIAMS

Ronald ABDY

Stephen JOHNSON

Ronald DAVIS

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

Principal Activities

The principal activity of the company during the financial year was:

Operation of a Licensed Club for the benefit of its members and their guests.

On 8 May 2019, the Club completed the amalgamation with Malua Bowling and Recreation Club pursuant to section 17AB of the Registered Clubs Act 1976. The amalgamation was effected by the continuation of the Malua Bay Club with all members of Malua Bay Club becoming members of Cabramatta Bowling & Recreation Club. Further details are set out in note 20 to the financial statements.

Company Secretary

Jay Eric Porter has been the Company Secretary since 11th July 2017 and continues to hold such position.

Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

Short-term and Long Term Objectives

The company's short-term objectives are to:

- The development and delivery of premium bowls and club facilities and services to its members and their guests.
- The provision of social welfare to its members and community sports and recreational organisations.

Strategies for achieving those objectives

- Maintain the bowling facilities to a world class standard.
- Update the premises to reflect the quality of appearance of the club.
- Constantly monitor and improve the services of the gaming bar, restaurant and bistro areas.

How those activities assisted in achieving the club's objectives

To achieve its stated objectives, the company has adopted the following strategies: The surpluses of the club have been utilised in enhancing the club's facilities and the provision of support to the local sporting and community support organisations and other charitable associations.

Operating Results

The net current year surplus of the club amounted to \$1,299,094. (2018: \$3,103,509)

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Financial Report Year Ended 31st May 2019**Details of Members**

	Number		Liability of Member	
	2019	2018	2019	2018
Class			\$	\$
Bowling Members	201	207	402	414
Club Members (Non Bowlers)	10,173	4,803	20,346	9,606
Junior Sporting	6	7	12	14
Total	10,380	5,017	20,760	10,034

Information on Directors**Michael MORTHORPE**

Experience

Special Responsibilities

President

Director since 2001

Chairman of the board, of the executive committee and capital works.
(Resigned on 3 April 2019)**Colin STRUDWICK**

Experience

Special Responsibilities

Senior Vice President

Director since 2005

Chair of the disciplinary and TAB committee.
Member of the executive and capital works.**Fred PRIESTLY**

Experience

Special Responsibilities

Junior Vice President

Director since 1996

Member of finance and disciplinary committees.
Life Member.**Fred FARDELL**

Experience

Special Responsibilities

Director

Director since 2000

Chair of umpires committee and members honours committee.

Ronald DAVIS

Experience

Special Responsibilities

Director

Director since 2011

Honours committee.

Kevin WILLIAMS

Experience

Special Responsibilities

Director

Director since 2012

Member of social and grants committee.

Ronald ABDY

Experience

Special Responsibilities

Director

Director since 2014

Member of Club grants and finance committees.

Stephen JOHNSON

Experience

Special Responsibilities

Director

Director since January 2018

Member of the grants committee.

Meetings of Directors

During the financial year, 12 meetings of directors were held. Attendances by each director were as follows:

Directors' Meetings

	Number eligible to attend	Number attended
Michael MORTHORPE	10	10
Colin STRUDWICK	12	11
Fred PRIESTLY	12	10
Fred FARDELL	12	11
Ronald DAVIS	12	12
Kevin WILLIAMS	12	11
Ronald ABDY	12	10
Stephen JOHNSON	12	10

The club is a "not-for profit entity and is incorporated under the Corporations Act 2001 and is a company limited by guarantee. Under its constitution the company is prohibited from the payments of dividends to its members. Any surplus on wind-up will be distributed to an organisation which has similar objects as dictated by the constitution."

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 May 2019 has been received and can be found on page 6 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Director

Colin STRUDWICK

Dated this 6TH day of August 2019

**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CABRAMATTA BOWLING & RECREATION CLUB LTD**

We declare that, to the best of our knowledge and belief, during the year ended 31st May 2019 there have been:

- i. no contraventions of the auditors' 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.



Walker Wayland NSW
Chartered Accountants



Wali Aziz
Partner

Dated this 6th day of August 2019, Sydney

CABRAMATTA BOWLING & RECREATION CLUB LTD

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Financial Report Year Ended 31st May 2019**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2019**

	Note	2019 \$	2018 (Restated) \$
Revenue	2	13,874,834	10,961,036
Other income	2	437,152	691,029
Increase in fair value of investment properties	19	598,170	2,228,514
TOTAL REVENUE		14,910,156	13,880,579
Cost of sales		(1,600,234)	(952,167)
Employee benefits expenses	3	(3,805,106)	(2,784,336)
Depreciation and amortization expenses		(1,414,808)	(1,198,001)
Interest expense		(168,937)	(49,983)
Audit, legal and consultancy fees	3	(126,899)	(122,609)
Promotions		(300,917)	(232,314)
Coaching tournaments		(222,517)	(170,550)
Cleaning		(297,262)	(214,604)
Donations		(183,688)	(169,214)
Entertainment		(526,262)	(509,404)
Insurances		(180,775)	(117,184)
Light & power		(225,663)	(181,611)
Repairs and maintenance		(455,801)	(394,748)
Security		(517,538)	(484,001)
Trophies Prizes & Awards		(369,030)	(294,565)
Gaming tax		(1,937,686)	(1,874,722)
Member amenities		(254,433)	(248,771)
Catering		(80,311)	(13,978)
Other expenses	3	(943,195)	(764,308)
TOTAL EXPENSES		(13,611,062)	(10,777,070)
Current year surplus before income tax		1,299,094	3,103,509
Income tax expense	1 (k)	-	-
Net current year surplus		1,299,094	3,103,509
Other comprehensive income:			
Increase in fair value of land and buildings		6,909,953	831,486
Total comprehensive income		8,209,047	3,934,995

The accompanying notes form part of these financial statements.

CABRAMATTA BOWLING & RECREATION CLUB LTD

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Financial Report Year Ended 31st May 2019**STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2019**

	Note	2019 \$	2018 (Restated) \$
ASSETS			
CURRENT ASSET			
Cash and cash equivalents	4	2,427,181	1,621,312
Trade and other receivables	5	25,305	59,195
Inventories	6	110,498	97,293
Other current asset	7	212,448	88,003
TOTAL CURRENT ASSETS		2,775,432	1,865,803
NON-CURRENT ASSETS			
Property, plant and equipment	8	39,565,420	27,912,387
Investment properties	19	7,320,000	7,370,858
Intangible assets	9	1,549,445	1,212,759
TOTAL NON-CURRENT ASSETS		48,434,865	36,496,004
TOTAL ASSETS		51,210,297	38,361,807
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	1,436,898	1,336,082
Borrowings	11	601,557	800,393
Employee provisions	12	542,886	412,774
TOTAL CURRENT LIABILITIES		2,581,341	2,549,249
NON-CURRENT LIABILITIES			
Borrowings	11	3,819,785	3,677,969
Employee provisions	12	15,593	11,268
TOTAL NON-CURRENT LIABILITIES		3,835,378	3,689,237
TOTAL LIABILITIES		6,416,719	6,238,486
NET ASSETS		44,793,578	32,123,321
EQUITY			
Retained surplus		29,046,710	27,747,616
Amalgamation reserve	17	6,983,829	2,522,619
Asset revaluation reserve	17	8,763,039	1,853,086
TOTAL EQUITY		44,793,578	32,123,321

The accompanying notes form part of these financial statements.

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Financial Report Year Ended 31st May 2019**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2019**

	Note	Retained Surplus	Amalgamation Reserve	Asset Revaluation Reserve	Total
Balance at 1 June 2017		24,644,107	-	1,021,600	25,665,707
Surplus for the year		3,103,509	-	-	3,103,509
Other comprehensive income					
Increase in fair value of land and buildings			-	831,486	831,486
Total comprehensive income		3,103,509	-	831,486	3,934,995
Amalgamation of Bundeena		-	2,522,619	-	2,522,619
Balance at 31 May 2018 (Restated)		27,747,616	2,522,619	1,853,086	32,123,321
Surplus for the year		1,299,094	-	-	1,299,094
Other comprehensive income					
Increase in fair value of land and building		-	-	6,909,953	6,909,953
Total comprehensive income		1,299,094	-	6,909,953	8,209,047
Amalgamation of Malua Bay	20	-	4,461,210	-	4,461,210
Balance at 31 May 2019		29,046,710	6,983,829	8,763,039	44,793,578

The accompanying notes form part of these financial statements.

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Financial Report Year Ended 31st May 2019**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MAY 2019**

	Note	2019	2018
		\$	(Restated)
			\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customer and members		15,328,355	10,899,605
Sundry income		119,672	139,836
Payments to suppliers and employees		(13,628,929)	(9,225,666)
Interest received		6,548	23,586
Rents received		266,188	245,788
Grants received		20,000	279,000
Net cash generated from operating activities	15	<u>2,111,834</u>	<u>2,262,183</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	8,522
Payment for property, plant and equipment		(1,102,970)	(10,314,964)
Net cash acquired on amalgamation	20	<u>75,772</u>	-
Net cash used in investing activities		<u>(1,027,198)</u>	<u>(10,306,442)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net proceeds (payment of) from borrowings		<u>(278,767)</u>	<u>4,478,362</u>
Net cash used in financing activities		<u>(278,767)</u>	<u>4,478,362</u>
Net increase in cash held		805,869	(3,565,897)
Cash on hand at beginning of the financial year		1,621,312	5,187,209
Cash on hand at the end of the financial year		<u>2,427,181</u>	<u>1,621,312</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019**Note 1 Summary of Significant Accounting Policies**

CABRAMATTA BOWLING & RECREATION CLUB LTD

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Financial Report Year Ended 31st May 2019

Basis of Preparation

Cabramatta Bowling & Recreation Club Ltd (the club or company) is a not-for-profit company limited by guarantee and domiciled in Australia. In the opinion of the directors, the Club is not publicly accountable. The financial statements are therefore Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board. The financial statements have also been prepared to comply with the requirements of the Corporations Act 2001 and the Registered Clubs Amendment Act 2006. These financial statements have been prepared on the historical cost basis except for land & buildings and investment properties which are measured at fair value

The financial statements were authorised for issue by the Board of Directors on 6th day of August 2019.

Accounting Policies

(a) Revenue

Revenue is recognised at fair value of consideration received or receivable, net of returns, trade allowances and duties and taxes paid. Revenue services to members and their guests is recognised when control have passed to the buyer and can be reliably measured. Control is passed to the buyer when goods have been delivered to the customer.

Revenue from gaming and bar sales together with other services to members and other patrons, are recognised when consideration has been received.

Membership subscriptions represents annual membership fees paid by the Club's members. The Club recognises membership subscriptions rateably over the term of the membership and any unearned portion is included in other current liabilities.

Rental income from investment property is recognised in profit or loss on an accrual basis based on the terms and conditions of the lease agreements.

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

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

(b) Inventories

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

(c) Property, Plant and Equipment

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

Land and building

Land and buildings are shown at their fair values based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation

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Financial Report Year Ended 31st May 2019

decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.50%
Plant and equipment	5 - 33.3%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Investment Property

Investment property is property held either to earn rental income or for capital appreciation of for both, but not for sale in the course of the business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of investment property.

An external, independent valuation company, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values the Club's investment property portfolio every three years for disclosure purposes and consider the asset for impairment.

(e) Leases

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

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

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Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

(f) Financial Instruments

Initial Recognition and Measurement

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

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction {or impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Held-to-maturity investments

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Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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(g) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives.

(h) Employee Benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, in which case the obligations are presented as current liabilities.

(i) Cash and Cash Equivalents

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

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Income Tax

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

(l) Intangible Assets

Poker Machine Licences

Intangible assets represent poker machine licenses. These assets are carried at cost and are not amortised because they have indefinite useful lives. The useful life is assessed annually to determine whether events or circumstances continue to support an indefinite useful life assessment. The carrying value of poker machine licenses is reviewed annually for impairment.

(m) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(n) Comparative Figures

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

(o) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Critical Accounting Estimates and Judgements

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

Key Estimates

Valuation of land and buildings

Land and buildings and investment properties were independently valued by Global Valuation Services. Refer to note 8 and 19 for the respective dates for each location. The valuation was based on the fair value less cost to sell. Independent valuations are based on reinstatement replacement value or direct comparison methods for land and buildings and comparable sales approach or capitalised income approach for investment properties. The critical assumptions adopted in determining the valuation included the location of the properties, the current market conditions in the area and recent sales data for similar properties.

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(q) Economic Dependence

Cabramatta Bowling & Recreation Club Ltd is dependent on the support of the members and guests for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the members and guests will not continue to support Cabramatta Bowling & Recreation Club Ltd.

(r) Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

“Fair value” is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

(s) Business Combinations

The company accounts for business combination using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Any contingent consideration payable is classified as equity, then it is not measured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

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(t) Amalgamation reserve

An amalgamation reserve in member's fund is utilised for amalgamations with other registered clubs. The amount presented is equal to the accumulated fair values of the net assets of the clubs amalgamated. The individual assets and liabilities acquired are presented in the statement of financial position.

(u) New and amended Accounting Standards

Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

AASB 15: Revenue from Contracts with Customers

The club has adopted AASB 15 which is effective for annual periods beginning on or after 1 January 2018. AASB 15 applies to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. The application of AASB 15 has not had a significant impact on the financial position and/or the financial performance of the group. No adjustments have therefore been recognised in this financial report.

AASB 9: Financial Instruments

The club has adopted AASB 9 which is effective for annual periods beginning on or after 1 January 2018. The Standard includes revised requirements for the classification and measurement of financial instruments, and revised requirements for financial instruments and hedge accounting. The key changes include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Other than the upfront accounting of expected credit loss, AASB 9 has had no material effect on the club's financial report as the club does not have any financial instruments or undertake any hedge accounting. The application of the upfront accounting of expected credit loss did not result in any material impairment losses for the year ended 31 May 2019.

New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the club, together with an assessment of the potential impact of such pronouncements on the club when adopted in future periods, are discussed below:

AASB 16: Leases

The club has not early-adopted AASB 16. AASB 16 applies to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The club does not have any material operating leases, therefore the adoption of AASB 16 will not have an impact on the financial statements of the club. The entity has assessed all new and amended accounting standards issued and effective for financial reporting periods beginning on or after 1 January 2019 and determined there to be no effect on the current or prior period financial statements.

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(v) Disclosure of Prior Period Errors

Restatement of the comparatives for the year ended 31 May 2018

The Directors of the company have made the decision to restate the 31 May 2019 comparatives in the statement of profit or loss and other comprehensive income and statement of financial position, these being the figures for the year ended 31 May 2018. The decision to restate the comparatives was based on the nature and significance of errors identified in the comparative period (i.e. 31 May 2018). As these errors are material, the statement of profit or loss and other comprehensive income for the year ended 31 May 2018 were restated in accordance with AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The errors and resulting restatements are:

- *Presentation of investment properties as a separate class of asset on the statement of financial position*
Investment properties are held either to earn rental income or for capital appreciation or for both. At 31 May 2018, the company had \$7,370,858 as investment properties measured at their fair values recorded in Property, Plant and Equipment. This is inconsistent with AASB 101 Presentation of Financial Statements as investment properties should be presented separately from Property, Plant and Equipment. A reclassification adjustment has therefore been made which resulted in an increase in investment property of \$7,370,858 and a corresponding decrease in Property, Plant and Equipment. There is no impact on both the net assets in the statement of financial position and the net surplus in the statement of profit or loss and other comprehensive income
- *Gain on revaluation of investment properties*
Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. The 2018 financial statements recorded a gain of \$2,228,514, representing fair value movements, as other comprehensive income and accumulated in the asset revaluation reserve in equity. As this is not in accordance with AASB 140 Investment Property, the gain of \$2,228,514 has been reclassified from other comprehensive income to the statement of profit or loss. The impact is an increase in surplus after tax of \$2,228,514, an increase in retained earnings of the same amount and a corresponding decrease in the asset revaluation reserve.
- *Amalgamation reserve – Bundeena deferred tax liability*
A provision for deferred tax liability amounting to \$72,671 was recorded as at 31 May 2018. This tax liability was settled prior to Bundeena's amalgamation with Cabramatta Bowling & Recreation Club Ltd. The result of the adjustment made to clear this liability was a decrease in provision for deferred tax liability of \$72,671 and a corresponding increase in amalgamation reserve as at 31 May 2018. There is no impact on both the net assets and the statement of profit or loss.
- *Bundeena trading bank account*
Cash at bank amounting to \$17,267 was reported in the statement of financial position as at 31 May 2018. This related to one bank account at Bundeena which was closed prior to 31 May 2018 and therefore the cash balance was nil. This bank balance has therefore been written off in the statement of profit or loss. The result of the adjustment to clear this bank account is a decrease in cash and cash equivalents of \$17,267 and a corresponding decrease in surplus after tax for the year ended 31 May 2018.
- *Suspense clearing account*
Included in the statement of financial position within other assets as at 31 May 2018 was an amount of \$33,158. There is no supporting documentation to substantiate this balance and therefore the balance of \$33,158 has therefore been written off in the statement of profit or loss. The result of the adjustment is a decrease in other assets of \$33,158 and a corresponding decrease in surplus after tax for the year ended 31 May 2018.

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- *Sundry debtors*

Included in the statement of financial position within sundry debtors as at 31 May 2018 was an amount of \$17,884. There is no supporting documentation to substantiate this balance and therefore the balance of \$17,884 has therefore been written off in the statement of profit or loss. The result of the adjustment is a decrease in trade receivables of \$17,884 and a corresponding decrease in surplus after tax for the year ended 31 May 2018.

The net effect of the restated figures on the:

- Statement of profit or loss and other comprehensive income for the year ended 31 May 2018 is an increase in net current surplus after tax of \$2,160,205 and;
- Statement of financial position as at 31 May 2018 is a decrease in total assets of \$68,309 and a decrease in total liabilities of \$72,671. The effect on net assets is a net increase of \$4,362.

Statement of Profit or loss and other Comprehensive Income

	2018 (Actual)	Adjustment	Reclassification Adj.	2018 (Restated)
	\$	\$	\$	\$
Revenue	11,652,065	-	-	11,652,065
Fair value gain on investment property	-	-	2,228,514	2,228,514
Employee benefits expense	(2,784,336)	-	-	(2,784,336)
Depreciation and amortisation expense	(1,198,001)	-	-	(1,198,001)
Interest expense	(49,983)	-	-	(49,983)
Audit, legal and consultancy fees	(122,609)	-	-	(122,609)
Cost of sales	(883,858)	-	(68,309)	(952,167)
Promotions	(232,314)	-	-	(232,314)
Coaching tournaments	(170,550)	-	-	(170,550)
Cleaning	(214,604)	-	-	(214,604)
Donations	(169,214)	-	-	(169,214)
Entertainment	(509,404)	-	-	(509,404)
Insurances	(117,184)	-	-	(117,184)
Light & Power	(181,611)	-	-	(181,611)
Repairs and maintenance	(394,748)	-	-	(394,748)
Security	(484,001)	-	-	(484,001)
Trophies Prizes & Awards	(294,565)	-	-	(294,565)
Other	(764,308)	-	-	(764,308)
Gaming Tax	(1,874,722)	-	-	(1,874,722)
Member Amenities	(248,771)	-	-	(248,771)
Catering	(13,978)	-	-	(13,978)
Current year surplus before income tax	943,304	-	2,160,205	3,103,509
Income tax expense	-	-	-	-
Net current year surplus	943,304	-	2,160,205	3,103,509
Other comprehensive income	-	-	831,486	831,486
Total comprehensive income	943,304	-	2,991,691	3,934,995

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	2018		Reclassification	2018
	(Actual)	Adjustment	Adj.	(Restated)
	\$	\$	\$	\$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	1,638,579	(17,267)	-	1,621,312
Trade and other receivables	77,079	(17,884)	-	59,195
Inventories	97,293	-	-	97,293
Other current assets	121,161	(33,158)	-	88,003
TOTAL CURRENT ASSETS	1,934,112	(68,309)	-	1,865,803
NON-CURRENT ASSETS				
Property, plant and equipment	35,283,245	-	(7,370,858)	27,912,387
Investment property	-	-	7,370,858	7,370,858
Intangible assets	1,212,759	-	-	1,212,759
TOTAL NON-CURRENT ASSETS	36,496,004	-	-	36,496,004
TOTAL ASSETS	38,430,116	(68,309)	-	38,361,807
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	1,408,753	-	(72,671)	1,336,082
Borrowings	800,393	-	-	800,393
Employee provisions	412,774	-	-	412,774
TOTAL CURRENT LIABILITIES	2,621,920	-	(72,671)	2,549,249
NON-CURRENT LIABILITIES				
Borrowings	3,677,969	-	-	3,677,969
Employee provisions	11,268	-	-	11,268
TOTAL NON-CURRENT LIABILITIES	3,689,237	-	-	3,689,237
TOTAL LIABILITIES	6,311,157	-	(72,671)	6,238,486
NET ASSETS	32,118,959	(68,309)	(72,671)	32,123,321
EQUITY				
Retained surplus	25,587,411	(68,309)	2,228,514	27,747,616
Amalgamation reserve	-	-	2,522,619	2,522,619
Asset revaluation reserves	6,531,548	-	(4,678,462)	1,853,086
TOTAL EQUITY	32,118,959	(68,309)	72,671	32,123,321

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	2019 \$	2018 \$
Note 2 Revenue and Other Income		
Revenue		
- Poker machine revenue	9,804,827	8,975,810
- Bar sales revenue	2,474,718	1,635,083
- Catering	1,409,394	220,280
- Tab commissions	80,091	52,391
- Commissions	67,440	39,723
- Member subscription	38,364	37,749
	<u>13,874,834</u>	<u>10,961,036</u>
Other Income		
- Rent received	266,188	245,788
- Function income	24,744	17,651
- Government grant	20,000	279,000
- Interest received	6,548	23,620
- Sundry income	119,672	124,970
	<u>437,152</u>	<u>691,029</u>
Total revenue and other income	<u>14,311,986</u>	<u>11,652,065</u>

Note 3 Expenses

	2019 \$	2018 \$
Employee benefit expense:		
Included in employee expenses are the following material balances:		
- Salaries and wages	3,305,651	2,397,835
- Superannuation	293,448	239,997
	<u>3,599,100</u>	<u>2,637,832</u>
Other expenses:		
Included in other expenses are the following material balances:		
- Subscriptions	144,194	101,362
- Consulting fees	111,592	88,024
- Printing and postage	102,499	74,379
- Gaming expenses	98,591	85,666
- Advertising expenses	73,356	51,237
- Water expenses	67,388	52,706
- Council rates	48,863	33,047
- Bank charges	40,695	27,725
- Bar requisites	38,268	29,786
	<u>816,449</u>	<u>614,932</u>
Audit remuneration:		
- Audit fees	32,000	44,801
- Taxation services	-	5,093
	<u>32,000</u>	<u>49,894</u>

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Financial Report Year Ended 31st May 2019**Note 4 Cash and Cash Equivalents**

	2019	2018
	\$	(Restated)
		\$
CURRENT		
Cash at bank	1,862,958	1,051,312
Cash on hand	564,223	570,000
	<u>2,427,181</u>	<u>1,621,312</u>

Note 5 Trade and Other Receivables

	2019	2018
	\$	(Restated)
		\$
CURRENT		
Other debtors	25,305	59,195
	<u>25,305</u>	<u>59,195</u>

Note 6 Inventories

	2019	2018
	\$	\$
Inventory at cost	110,498	97,293
	<u>110,498</u>	<u>97,293</u>

Note 7 Other Assets

	2019	2018
	\$	(Restated)
		\$
Prepayments	212,448	88,003
	<u>212,448</u>	<u>88,003</u>

Note 8 Property, Plant and Equipment

	2019	2018
	\$	(Restated)
		\$
LAND AND BUILDINGS		
<i>Land at fair value:</i>		
Fairview Road, Cabramatta	3,500,000	3,500,000
69-71 Loftus Street, Bundeena	1,850,101	1,850,101
40 Sylvan Street, Malua Bay	1,300,000	-
	<u>6,650,101</u>	<u>5,350,101</u>
Total land at fair value		
<i>Buildings at fair value:</i>		
Fairview Road	21,744,920	15,380,419
Accumulated depreciation	(1,476,974)	(1,648,573)
69-71 Loftus Street, Bundeena	5,725,303	5,028,266
Accumulated depreciation	(220,303)	(93,995)
40 Sylvan Street, Malua Bay	3,115,130	-
Accumulated depreciation	(515,130)	-
	<u>28,372,946</u>	<u>18,666,117</u>
Total buildings at fair value		
Total land and buildings at fair value	<u>35,023,047</u>	<u>24,016,218</u>

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	Note	2019 \$	2018 (Restated) \$
PLANT AND EQUIPMENT			
Plant and equipment:			
At cost		5,034,167	4,076,108
Accumulated depreciation		(3,207,819)	(2,680,092)
		<u>1,826,348</u>	<u>1,396,016</u>
Poker Machines:			
At cost		5,262,662	4,109,314
Accumulated depreciation		(2,732,736)	(1,777,820)
		<u>2,529,926</u>	<u>2,331,494</u>
Motor vehicles			
At cost		309,945	233,160
Accumulated depreciation		(123,846)	(64,501)
		<u>186,099</u>	<u>168,659</u>
Total plant and equipment		<u>4,542,373</u>	<u>3,896,169</u>
Total property, plant and equipment	18	<u>39,565,420</u>	<u>27,912,387</u>

Movements in Carrying Amounts

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

	Land \$ (Restated)	Buildings \$ (Restated)	Plant and Equipment \$	Total \$ (Restated)
2018				
Balance at the beginning of the year	2,600,000	15,005,646	3,466,839	21,072,485
Additions	1,850,101	5,028,266	259,536	7,137,903
Fair value gain	900,000	-	-	900,000
Disposals	-	-	-	-
Depreciation expense	-	(567,179)	(630,822)	(1,198,001)
Carrying amount at the end of the year	<u>5,350,101</u>	<u>19,466,733</u>	<u>3,095,553</u>	<u>27,912,387</u>
2019				
Balance at the beginning of the year	5,350,101	19,466,733	3,095,553	27,912,387
Additions	1,300,000	2,600,000	2,257,888	6,157,888
Fair value gain	-	6,909,953	-	6,909,953
Disposals	-	-	-	-
Depreciation expense	-	(603,740)	(811,068)	(1,414,808)
Carrying amount at the end of the year	<u>6,650,101</u>	<u>28,372,946</u>	<u>4,542,373</u>	<u>39,565,420</u>

Asset revaluations

Land and buildings are carried at their fair values based on independent valuations which have been carried out by Global Valuation Services. The latest independent valuations of the Club's land and buildings were carried out as at 17 April 2019 for Fairview Road Cabramatta, as at 28 March 2018 for 69-71 Loftus Street Bundeena and 11 June 2019 for 40 Sylvan Street Malua Bay. Independent valuations are based on reinstatement replacement value or direct comparison methods.

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	2019	2018
	\$	\$
Note 9 Intangible Assets		
Poker Machine Licences - at cost	1,549,445	1,212,759
Net carrying amount	1,549,445	1,212,759
Movements in carrying amount:		
Balance at the beginning of the year	1,212,759	867,759
Additions	336,686	345,000
	1,549,445	1,212,759

Poker machine licences are stated at cost less accumulated impairment losses. Poker machine entitlements have an indefinite useful life given they have no expiry date, and accordingly are not amortised but are to be assessed annually for impairment.

Note 10 Trade and Other Payables

	2019	2018
	\$	(Restated)
		\$
CURRENT		
Accounts payable	1,425,148	1,328,048
Subscriptions in Advance	11,750	8,034
	1,436,898	1,336,082

Note 11 Borrowings

		2019	2018
		\$	\$
CURRENT			
Finance lease	13	61,557	140,393
Bank Loan		540,000	660,000
Total		601,557	800,393
NON-CURRENT			
Finance lease	13	15,767	441,171
Bank Loan		3,804,018	3,236,798
Total		3,819,785	3,677,969

Lease liabilities are secured by the underlying leased assets. The bank loan is secured by general security over all of the present and future rights, property and undertaking of Cabramatta Bowling & Recreation Club Ltd and Registered Mortgage over properties situated at 87 Longfield Street Cabramatta, 59A Cabramatta Road East Cabramatta and 61 Cabramatta Road East Cabramatta.

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Financial Report Year Ended 31st May 2019**Note 12 Provisions**

	2019	2018
	\$	\$
CURRENT		
Provision for employee benefits: annual leave	261,168	185,726
Provision for employee benefits: sick leave	121,798	92,171
Provision for employee benefits: long service leave	159,920	134,877
	<u>542,886</u>	<u>412,774</u>
NON-CURRENT		
Provision for employee benefits: long service leave	15,593	11,268
	<u>15,593</u>	<u>11,268</u>
	<u>558,479</u>	<u>424,042</u>

Note 13 Capital and Leasing Commitments

		2019	2018
	Note	\$	\$
(a) Finance Lease Commitments Payable - minimum lease payments:			
not later than 12 months	11	61,557	140,393
- between 12 months and five years	11	15,767	441,171
- later than five years		-	-
Minimum lease payments		<u>77,324</u>	<u>581,564</u>

Note 14 Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel (KMP).

The totals of remuneration paid to KMP of the company during the year are as follows:

	2019	2018
	\$	\$
- Directors	27,625	29,500
- Key management personnel	480,350	536,186
	<u>507,975</u>	<u>565,686</u>

Note 15 Cash Flow Information

	2019	2018
	\$	\$
Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus		
Net current year surplus	1,299,094	3,103,509
Adjustment for:		
Depreciation and amortisation expense	1,414,808	1,198,001
Fair value gain in investment property	(598,170)	(2,228,514)
(Increase)/decrease in trade and other receivables	41,294	(61,399)
(Increase)/decrease in inventories on hand	11,695	(51,969)
(Increase)/decrease in other current asset	(93,901)	(57,672)
Increase/(decrease) in trade and other payables	(48,483)	436,145
Increase/(decrease) in employee provisions	85,497	(75,918)
	<u>2,111,834</u>	<u>2,262,183</u>

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Financial Report Year Ended 31st May 2019**Note 16 Financial Risk Management**

The company's financial instruments consist mainly of deposits with banks, receivables and payables, and lease liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 \$	2018 \$
Financial assets			
Cash and cash equivalents	4	2,427,181	1,621,312
Loans and receivables	5	25,305	55,195
Total financial assets		<u>2,452,486</u>	<u>1,676,507</u>
Financial liabilities			
Financial liabilities at amortised cost:			
- accounts payable and other payables	10	1,436,898	1,336,082
- borrowings	11	4,421,342	4,478,362
Total financial liabilities		<u>5,858,240</u>	<u>5,814,444</u>

Note 17 Reserves**(a) Asset revaluation reserve**

The revaluation surplus records revaluations of non-current assets. Where revaluations are deemed to represent profits of a permanent nature, dividends may be declared from this reserve.

(b) Amalgamation reserve

An amalgamation reserve in member's fund is utilised for amalgamations with other registered clubs. The amount presented is equal to the accumulated fair values of the net assets of the clubs amalgamated. The individual assets and liabilities acquired are presented in the statement of financial position.

Note 18 Core and Non-Core Properties

Pursuant to section 41J of the Registered Clubs Amendment Act 2006, the club defines property as follows:

	Note	2019 \$	2018 \$
Core property	8	35,023,047	24,016,218
Non-core property	19	7,320,000	7,370,858
		<u>42,343,047</u>	<u>31,387,076</u>

Core Property

- (i) Club Land & Buildings at Fairview Road Cabramatta NSW 2166
- (ii) Club Land & Buildings at 67-71 Loftus Street Bundeena NSW 2230 Non- core Property
- (iii) Club Land & Buildings at 40 Sylvan Street, Malua Bay

Non-core property:

- (i) Land & Buildings - 59 Cabramatta Road East Cabramatta NSW 2166
- (ii) Land & Buildings - 61 Cabramatta Road East Cabramatta NSW 2166
- (iii) 10 Strata Uinis - 87 Longfield Street Cabramatta NSW 2166
- (iv) Strata Unit - Unit 2, 85 Longfield Street Cabramatta NSW 2166
- (v) Strata Unit - Unit 5, 85 Longfield Street Cabramatta NSW 2166

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Financial Report Year Ended 31st May 2019**Note 19 Investment Property**

	2019	2018
	\$	\$
<i>Land at fair value:</i>		
59 Cabramatta Road, Cabramatta	1,150,000	1,000,000
61 Cabramatta Road, Cabramatta	1,050,000	900,000
87 Longfield Street, Cabramatta	2,013,000	2,013,000
Total land at fair value	<u>4,213,000</u>	<u>3,913,000</u>
<i>Buildings at fair value:</i>		
87 Longfield Street	1,691,000	1,563,300
59 Cabramatta Road	470,000	452,097
61 Cabramatta Road	246,000	72,625
2/85 Longfield Street	340,000	346,905
5/85 Longfield Street	360,000	373,903
Total building at fair value	<u>3,107,000</u>	<u>3,457,858</u>
Total land and building at fair value	<u>7,320,000</u>	<u>7,370,858</u>

Movement in the fair value of investment property is presented below:

The fair value model is applied to all investment properties. The latest independent valuation of the Club's investment properties was carried out as at 23 October 2018 by Global Valuation Services. Independent valuations are based on comparable sales approach or capitalised income approach. Gains or losses from the revaluation of investment properties are recognized in profit or loss.

Note 20 Business Combination

On 8 May 2019, the Club (the acquirer) facilitated an amalgamation with Malua Bowling and Recreation Club (the acquiree), a registered club that provides similar services and facilitates to its members and guests as Cabramatta Bowling & Recreation Club Ltd. Members of Malua Bowling and Recreation Club were made an offer to elect to become a member of the Club, if not already a member. The amalgamation has enabled to Club to expand its family of Clubs and ensure the continued operation and delivery of services to the community and surrounding suburbs.

There was no consideration transferred from the Club to Malua Bowling and Recreation club.

Identifiable assets acquired and liabilities assumed (at fair value)

	2019
	\$
Cash and cash equivalents	75,722
Inventories	24,900
Trade and other receivables	7,404
Prepayments	30,544
Land and buildings	3,900,000
Plant and equipment	685,889
Intangibles	156,687
Trade and other payables	(149,299)
Loans and borrowings	(221,697)
Provisions	(48,940)
Total net identifiable assets:	<u>4,461,210</u>

CABRAMATTA BOWLING & RECREATION CLUB LTD

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Financial Report Year Ended 31st May 2019

Note 21 Contingent asset and liabilities

To the director's knowledge, no matters or circumstances have arisen since the end of the financial year which would significantly affect the results of the Company for the year ended May 31, 2019 or the state of affairs of the Company as at that date

Note 22 Events after the reporting period

There are no events subsequent to balance date that require disclosure in the financial report.

Note 23 Entity Details

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

Cabramatta Bowling & Recreation Club Ltd

Fairview Road Cabramatta NSW 2166

The principal place of business for the Bundeena CSC is:

67 – 71 Loftus Street Bundeena NSW 2230

The principal place of business of the Malua Bay Club is:

40 Sylvan Street, Malua Bay.

Note 24 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$2 towards meeting any outstanding obligations of the entity. At 31 May 2019 the number of members was 10,380.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cabramatta Bowling & Recreation Club Ltd, the directors declare that:

1. The financial statements and notes, as set out on pages 9 to 31 are in accordance with the Corporations Act 2001 and:
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.



Director **Colin STRUDWICK**

Dated this 6TH day of August 2019

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CABRAMATTA BOWLING AND RECREATION CLUB LTD

Opinion

We have audited the financial report of Cabramatta Bowling and Recreation Club Ltd (the entity), which comprises the statement of financial position as at 31 May 2019, 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, except for the matter referred to below, the accompanying financial report of the entity is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the entity's financial position as at 31 May 2019 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.

Opening balances qualification

We have not been able to obtain sufficient and appropriate audit evidence to assess the valuation and completeness of the opening balances of property, plant and equipment amounting to \$27,912,387 and investment properties amounting to \$7,370,858 as at 31 May 2018 according to Australia Auditing Standard 510 Initial Engagements – Opening balances. Since opening balances of property, plant and equipment and investment properties enter into the determination of the financial performance and financial position, we were unable to determine whether other adjustments might have been necessary in respect of the surplus for the year reported in the statement of comprehensive income and the carrying balance of property, plant and equipment and investment properties reported in the statement of financial position. As a result, we have qualified this report with respect to the opening balances.

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 entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 : Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Cabramatta Bowling & Recreation Club Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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

The directors are responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 31 May 2019 but does not include the financial report and our auditor's report thereon.

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 entity 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 entity'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 entity 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Walker Wayland NSW

Chartered Accountants

Dated this 6th day of August 2019, Sydney



Wali Aziz

Partner

**COMPILATION REPORT ON ADDITIONAL FINANCIAL DATA
TO THE MEMBERS OF CABRAMATTA BOWLING AND RECREATION CLUB LTD**

Scope

We have compiled the accompanying financial statements of Cabramatta Bowling and Recreation Club Ltd which comprise the condensed unaudited statement of financial performance for the year ended 31 May 2019 on the basis of information provided by the directors. The specific purpose for which the special purpose financial statements have been prepared is to provide detailed information relating to the performance of the entity that satisfies the information needs of directors and members.

The Responsibility of the Directors of Cabramatta Bowling and Recreation Club Ltd

The directors of Cabramatta Bowling and Recreation Club Ltd are solely responsible for the information contained in the special purpose financial statements and have determined that the basis of accounting adopted is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the directors of Cabramatta Bowling and Recreation Club Ltd, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the directors of Cabramatta Bowling and Recreation Club Ltd. We do not accept responsibility to any other person for the contents of the special purpose financial statements.


Walker Wayland NSW
Chartered Accountants


Wali Aziz
Partner

Dated this 6th day of August 2019, Sydney

**CONDENSED UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST MAY 2019**

	Consolidated \$
Poker machine revenue	9,804,827
Bar sales revenue	2,474,718
Catering	1,409,394
Rent received	266,188
Other income	356,859
Total income	<u>14,311,986</u>
Cost of sales	(1,600,234)
Employee benefits expenses	(3,805,106)
Depreciation and amortization expenses	(1,414,808)
Interest expense	(168,937)
Audit, legal and consultancy fees	(126,899)
Promotions	(300,917)
Coaching tournaments	(222,517)
Cleaning	(297,262)
Donations	(183,688)
Entertainment	(526,262)
Insurances	(180,775)
Light & power	(225,663)
Repairs and maintenance	(455,801)
Security	(517,538)
Trophies Prises & Awards	(369,030)
Gaming tax	(1,937,686)
Member amenities	(254,433)
Catering	(80,311)
Other expenses	(943,195)
Total expenses	<u>(13,611,062)</u>
Surplus for the year before fair value gain	700,924
Increase in fair value of investment properties	598,170
Surplus after fair value gain	<u>1,299,094</u>