

Oak Flats Bowling and Recreation Club Limited

ABN: 86 001 017 894

Financial Statements

For the Year Ended 30 June 2021

Oak Flats Bowling and Recreation Club Limited
ABN: 86 001 017 894

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Oak Flats Bowling and Recreation Club Limited

ABN: 86 001 017 894

Directors' Report

For the Year Ended 30 June 2021

The directors present their report on Oak Flats Bowling and Recreation Club Limited for the financial year ended 30 June 2021.

Directors

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

Names

Roger Blakey	Appointed 25 October 2020/ Resigned 13 September 2021
Don Brown	
George Cowling	Deceased 5 August 2020
Glen Cowling	Appointed 25 October 2020
Neil Dawson	
Risden Knightley	Term Ceased 13 August 2021
Jessie Pill	
Wendy Steyer	
Lyn Wilke	

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

Company secretary

Matthew O'Hara held the position of Club Secretary at the end of the financial year.

Matthew O'Hara has worked in the Club industry for 28 years, nineteen years of which have been with the Oak Flats Bowling and Recreation Club. Matthew O'Hara is the Clubs NSW State Councillor for the Illawarra Shoalhaven region and a member of the CMA (Club Managers Association). Matthew O'Hara also holds a Bachelor of Business in Club Management from the Southern Cross University, an Executive Certificate in Event Management, an Executive Certificate in Corporate Governance and a Diploma in Property Development. Matthew O'Hara ceased employment on 16th July 2021.

Principal activities

The principal activity of Oak Flats Bowling and Recreation Club Limited during the financial year was that of a licensed sailing, bowling and recreational club in accordance with its objective and for the benefit of its members.

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

Short term objectives

The Club's short term objectives are to:

- Achieve the key company goals in the areas of People, Planet and Profit.
- Ensure the ongoing financial viability of the Club, remaining solvent and complying with the loan covenants required by the Commonwealth Bank.
- Adequately identify and quantify risk and employ appropriate mitigation strategies.

Directors' Report

For the Year Ended 30 June 2021

Long term objectives

The Club's long term objectives are to:

- Continue application of the Principles of Good Corporate Governance.
- Maintain relevance and long term sustainability of the Club in the Community.

Strategy for achieving the objectives

To achieve these objectives, the Club has adopted the following strategies:

- Education of Board and Management of the Principles of Good Corporate Governance and the active pursuit of implementing strategy derived from these principles.
- Investment and education of key personnel and the Board ensuring the Board is exercising their duties as a Director responsibly, ethically and in the best interests of the Club as a whole.
- Maintaining and nurturing a Club culture focused on our customers our staff and our community.

Information on directors

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

Roger Blakey	Director
Qualifications	Retired Aircraft Engineer
Experience	Director of Club for 8 months
Don Brown	Director
Qualifications	Retired Electrical Technician
Experience	Director of Club for 1 year and 7 months
George Cowling	Director / Chairman of the Board / Chairman Disciplinary Committee
Qualifications	Retired Foreman
Experience	Director of Club for 19 years and 1 month
Glen Cowling	Director
Qualifications	ANZ General Manager Health Safety Environment Community (HSEC)
Experience	Graduate Diploma Health safety Director of Club for 8 months
Neil Dawson	Director
Qualifications	Retired Small Business Owner (smallgoods)
Experience	Director of Club for 1 year and 7 months
Risden Knightley	Director
Qualifications	Engineer and Property Developer
Experience	Director of Club for 2 years and 10 months

Directors' Report

For the Year Ended 30 June 2021

Information on directors (cont'd)

Jessie Pill Director / Chairperson Audit Risk & Finance Committee
 Qualifications Commercial Manager, BlueScope
 Experience Director of Club for 6 years and 2 months

Wendy Steyer Director
 Qualifications Retired Library Technician
 Experience Director of Club for 3 years and 8 months

Lyn Wilke Director
 Qualifications Retired Project Manager
 Experience Director of Club for 1 year and 7 months

Members' guarantee

Oak Flats Bowling and Recreation Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$2 for members that are corporations and \$2 for all other members, subject to the provisions of the company's constitution.

At 30 June 2021 the collective liability of members was \$45,996 (2020: \$36,408).

Meetings of directors

During the financial year, 53 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Other Committee Meetings		Clubs NSW Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Roger Blakey	8	8	16	14	2	2
Don Brown	13	13	17	16	2	2
George Cowling	1	1	-	-	-	-
Glen Cowling	8	7	12	10	2	1
Neil Dawson	13	13	37	37	2	2
Risden Knightley	13	10	27	18	2	1
Jessie Pill	13	13	39	39	2	2
Wendy Steyer	13	9	40	30	2	1
Lyn Wilke	13	12	30	24	2	1

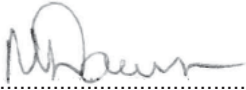
Oak Flats Bowling and Recreation Club Limited
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Directors' Report
For the Year Ended 30 June 2021

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and can be found on page 5 of the financial report.

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

Director: 
Neil Dawson

Director: 
Jessie Pill

Dated this 29th day of September 2021

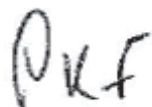
Oak Flats Bowling and Recreation Club Limited

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Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of Oak Flats Bowling and Recreation Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

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



PKF



KYM REILLY
PARTNER

29 SEPTEMBER 2021
SYDNEY, NSW

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
Revenue	4 13,860,705	11,764,746
Other income	4 1,486,085	1,268,599
Gain on disposal of assets	5 -	91,137
Gain on revaluation of investment properties	375,000	-
Cost of sales	5 (1,948,971)	(1,851,001)
Advertising expense	(24,316)	(24,383)
Donations	(145,276)	(137,713)
Equipment hire	(22,332)	(21,127)
Security	(189,596)	(162,014)
Repairs and maintenance	(372,686)	(414,593)
Rates and utilities	(355,703)	(359,393)
Depreciation, amortisation and impairment	5 (2,068,568)	(1,570,249)
Postage, printing and stationery	(59,636)	(131,418)
Poker machine duty	(1,682,341)	(1,245,126)
Insurance expenditure	(399,565)	(398,120)
Entertainment and promotions	(1,185,562)	(1,043,466)
Employee benefits	5 (4,640,951)	(4,664,566)
Cleaning expenditure	(177,361)	(254,365)
Finance costs	5 (71,350)	(97,158)
Computer and software expenses	(28,605)	(25,986)
Subscriptions and licences	(85,406)	(69,705)
Sub-club expenses	-	(5,000)
Men's bowling club expenses	(52,525)	(67,169)
Women's bowling club expenses	(25,877)	(41,504)
Poker machine expenses	(134,554)	(117,356)
Green and bowling expenses	(7,951)	(15,630)
Courtesy bus	(5,710)	(70,317)
Consulting fees	(3,322)	(4,500)
Other expenditure	(207,213)	(185,417)
Sailing club expenses	(75,394)	(77,099)
Profit from continuing operations	1,751,019	70,107
Income tax expense	1(k) -	-
Profit for the year	1,751,019	70,107
Other comprehensive income		
Revaluation of land and buildings	1,040,897	-
Total comprehensive income for the year	2,791,916	70,107

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,072,087	2,196,399
Trade and other receivables	7	5,086	255,738
Inventories	8	115,815	98,498
Other assets	9	51,338	65,784
TOTAL CURRENT ASSETS		<u>4,244,326</u>	2,616,419
NON-CURRENT ASSETS			
Property, plant and equipment	11	19,438,860	20,115,544
Investment property	12	2,070,000	1,695,000
Intangible assets	10	1,671,375	1,671,375
TOTAL NON-CURRENT ASSETS		<u>23,180,235</u>	23,481,919
TOTAL ASSETS		<u>27,424,561</u>	<u>26,098,338</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	913,691	1,183,442
Borrowings	15	663,465	1,677,751
Employee benefits	14	731,932	708,415
Other liabilities	16	86,427	82,209
TOTAL CURRENT LIABILITIES		<u>2,395,515</u>	3,651,817
NON-CURRENT LIABILITIES			
Borrowings	15	235,318	409,876
Employee benefits	14	146,083	143,772
Other provisions		-	37,144
TOTAL NON-CURRENT LIABILITIES		<u>381,401</u>	590,792
TOTAL LIABILITIES		<u>2,776,916</u>	4,242,609
NET ASSETS		<u>24,647,645</u>	<u>21,855,729</u>
EQUITY			
Reserves	17	5,085,872	4,044,975
Retained earnings		19,561,773	17,810,754
TOTAL EQUITY		<u>24,647,645</u>	<u>21,855,729</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
 For the Year Ended 30 June 2021

	Retained Earnings	Asset Realisation Reserve	Total
	\$	\$	\$
Balance at 1 July 2020	17,810,754	4,044,975	21,855,729
Profit attributable to members of the entity	1,751,019	-	1,751,019
Revaluation of land and buildings	-	1,040,897	1,040,897
Balance at 30 June 2021	19,561,773	5,085,872	24,647,645

	Retained Earnings	Asset Realisation Reserve	Total
	\$	\$	\$
Balance at 1 July 2019	17,740,647	4,044,975	21,785,622
Profit attributable to members of the entity	70,107	-	70,107
Balance at 30 June 2020	17,810,754	4,044,975	21,855,729

Statement of Cash Flows
For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	16,494,242	13,626,897
Receipts from government grants	630,000	441,000
Payments to suppliers and employees	(13,637,390)	(12,270,081)
Interest received	16	62
Finance costs	(71,350)	(97,158)
Net cash provided by operating activities	3,415,518	1,700,720
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(350,986)	(1,200,317)
Proceeds on sale of property, plant and equipment	-	121,929
Net cash used in investing activities	(350,986)	(1,078,388)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayment of) / Proceeds from borrowings	(1,188,844)	497,758
Net cash provided by / (used in) financing activities	(1,188,844)	497,758
Net decrease in cash and cash equivalents held	1,875,688	1,120,090
Cash and cash equivalents at beginning of year	2,196,399	1,076,309
Cash and cash equivalents at end of financial year	5 4,072,087	2,196,399

Oak Flats Bowling and Recreation Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2021

The financial statements are for Oak Flats Bowling and Recreation Club Limited as a not-for-profit individual entity.

1. Basis of Preparation

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

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

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

2. Summary of Significant Accounting Policies

a) Impact of COVID-19 and temporary Club closure

The Club was forced to temporarily close at 6pm on Saturday 26 June by order of the State Government. The Club remains closed under the direction of NSW Health and State Government. Reopening will be dependent on advice received from the State bodies and all government directions will be followed. The Club will update and implement the Covid-19 Safety Plan as required.

The Club is currently in the process of assessing and implementing their business continuity plan along with availing in any government offered support available to them. Future cash flow forecasts are also being revisited to assess the ability of the Club to sustain future activity and cashflows for normal operations, however management is confident that the Club can adapt to the changing environment as necessary and is confident the going concern assumption remains appropriate at 30 June 2021.

b) Revenue and other income

Revenue from contracts with customers

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

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

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time where the performance obligations have been met and transfer of control have been completed. Revenue is recognised net of any discounts given to members/patrons.

Notes to the Financial Statements
For the Year Ended 30 June 2021

2. Summary of Significant Accounting Policies (cont'd)

Revenue and other income (cont'd)

Rendering of services

Revenue from rendering of services comprises revenue from memberships, together with other services to members and other patrons of the club and is recognised when the services are provided.

Interest revenue

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

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term to reflect a constant periodic rate of return on the net investment.

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

Gaming Revenue

Gaming machine revenue is recognised on an accrual basis calculated as net of gaming machine collections and payouts, less any costs associated with future jackpot contributions. All revenue is stated net of the amount of goods and services tax (GST).

Government Grants

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Government grants include amounts received or receivable under the Federal Government's JobKeeper Payment Scheme and Cash Flow Boost Scheme, which provide temporary subsidies to eligible businesses significantly affected by COVID-19.

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

c) 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.

Oak Flats Bowling and Recreation Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2021

d) 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the standard costs basis and are net of any rebates and discounts received.

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

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition, which is the deemed cost.

f) 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.

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

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Freehold land and buildings are shown at their fair value based on periodic (at least triennial) valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold 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 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 charged to the statement of profit or loss and other comprehensive income.

As the revalued buildings are depreciated, the difference between depreciation recognised in the statement of profit or loss and other comprehensive income, which is based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost, is transferred from the revaluation surplus to retained earnings.

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

Notes to the Financial Statements
For the Year Ended 30 June 2021

2. Summary of Significant Accounting Policies (cont'd)

f) Plant and equipment (cont'd)

Land and buildings

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

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%
Plant and Equipment	13 - 33%
Motor Vehicles	12 - 22.5%
Right-of-use assets	15 - 40%

Capital expenditure in relation to gaming machine conversions are additions to existing assets and the full amount expensed in the year costs are incurred.

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.

g) Investment property

Investment property is held to generate long-term rental yields and future club grounds/buildings expansions. All tenant leases are on an arms length basis. Investment property is carried at fair value, determined by current market values. Changes to fair value are recorded separately as an income or expense item, directly in the statement of profit or loss and other comprehensive income.

h) Intangibles

Poker machine entitlements are initially recorded at cost. Poker machine entitlements have indefinite life and are tested annually for impairment and carried at cost less any accumulated amortisation and impairment losses.

i) Financial instruments

Initial recognition and measurement

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

Notes to the Financial Statements
For the Year Ended 30 June 2021

2. Summary of Significant Accounting Policies (cont'd)

i) Financial instruments (cont'd)

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

Financial assets

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

Classification

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

- amortised cost

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

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

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

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

Notes to the Financial Statements
For the Year Ended 30 June 2021

2. Summary of Significant Accounting Policies (cont'd)

i) Financial instruments (cont'd)

Financial assets (cont'd)

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

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

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

Trade receivables

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

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

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

Other financial assets measured at amortised cost

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

Financial liabilities

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

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

j) 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.

Notes to the Financial Statements
For the Year Ended 30 June 2021

2. Summary of Significant Accounting Policies (cont'd)

j) Impairment of non-financial assets (cont'd)

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

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in the statement of profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

k) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*. The income tax exemption has been claimed based on self-assessment by the Club.

l) Trade and other payables

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

m) Leases

Lease liabilities are measured at the present values of the payments to be made over the lease term at the commencement of the lease are discounted using the lessee's incremental borrowing rate. The incremental borrowing rate is the rate that the Club would have to pay to borrow funds necessary to obtain an asset of similar value to the Right-Of-Use asset (ROU) in a similar economic environment, with similar terms, security and conditions. Application of the incremental borrowing rate is adopted where the interest rate implicit in the lease cannot be readily determined from the contract, which is generally the case for leases in the Club.

Lease payments due within 12 months are recognised within current lease liabilities; payments due after 12 months are recognised within non-current lease liabilities. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest expense on the lease liability is a component of finance cost and is presented in the statement of profit and loss.

The short-term exemption will be applied to leases that are less than 12 months. These leases are recognised on a straight-line basis as an expense. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

n) Employee benefits

A 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.

Notes to the Financial Statements
For the Year Ended 30 June 2021

2. Summary of Significant Accounting Policies (cont'd)

n) Employee benefits (cont'd)

Employee benefits expected to be settled more than twelve months 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 national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in the statement of profit and loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Club does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

Contributions are made by the Club to an employee superannuation fund and are charged as expenses when incurred.

o) Borrowings

Secured and unsecured loans have been obtained. While some loans are interest free, these have not been discounted to present values. Carrying amounts therefore represent amount expected to be repaid at settlement. Unsecured loans are considered to be repayable at call and therefore presented as current liabilities

p) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

3) Critical accounting estimates and judgments

Key estimates - fair value of land and buildings

The Club carries its land and buildings at fair value with changes in the fair value recognised in the asset realisation reserve. Independent valuations are obtained at least triennially and at the end of each reporting period, the Directors update their assessment of the fair value, taking into consideration the most recent valuations and movements in the market.

The Illawarra Yacht Club Land and Building were revalued at 30 June 2019 by independent valuers, with a net gain of \$875,778 recorded in the asset realisation reserve and recognised as other comprehensive income. The valuation was based on the highest and best alternate use. The critical assumption adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The Directors have reviewed the assumptions adopted in the 2019 independent valuation, with consideration for the impact of COVID-19 on local property prices and believe the carrying value of land and buildings at the Illawarra Yacht Club Land and Building correctly reflects the fair value at 30 June 2021.

The Oak Flats Clubhouse Land and Building was independently valued at 30 June 2021 by independent valuers, with a net gain of \$1,040,897 recorded in the asset realisation reserve and recognised as other comprehensive income. The valuation was based on the highest and best alternate use. The critical assumption adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The Directors have reviewed the assumptions adopted in the 2021 independent valuation, with consideration for the impact of COVID-19 on local property prices and believe the carrying value of land and buildings at the Oak Flats Clubhouse Land and Building correctly reflects the fair value at 30 June 2021.

Notes to the Financial Statements
For the Year Ended 30 June 2021

3) Critical accounting estimates and judgments (cont'd)

Key estimates - fair value of investment property

The investment properties were independently valued at 30 June 2021 by independent valuers, with a gain on revaluation of \$375,000 recorded in the statement of profit and loss. The valuation was based on market value. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

Key estimates - impairment of intangibles

The recoverable amount of intangible assets was assessed by reference to the intangibles value-in-use. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period, with consideration for COVID-19 and its potential impact on future cash flows. Cash flow projections are based on 6 months expected trading revenue in the year to 30 June 2022 and allow for sufficient headroom.

The cash flows are discounted using a rate of 5% and an annual growth rate of 3%. Management believes that any reasonable possible change in key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount of intangible assets to exceed its recoverable amount. The assumptions used in the discounted cash flow model are tested against a sensitivity model (+/- 5%).

Key estimates - income tax exemption status

The Directors of the Club have self assessed their ongoing exemption from income tax at 30 June 2021, as a Sporting Club in accordance with Section 5045 of the Income Tax Assessment Act 1997.

Oak Flats Bowling and Recreation Club Limited
ABN: 86 001 017 894

Notes to the Financial Statements
For the Year Ended 30 June 2021

	2021	2020
	\$	\$
4. Revenue and Other Income		
Sales revenue		
- Bar income	1,758,861	1,687,941
- Poker machine income	9,165,825	7,111,581
- Catering income	2,819,727	2,841,370
- Rental income	41,608	53,383
- Sub-club income	(2,079)	(1,239)
- General bowls income	30,464	11,707
- Women's bowling club income	8,322	10,915
- Men's bowling income	19,249	23,662
- Sailing income	18,728	25,426
	<u>13,860,705</u>	<u>11,764,746</u>
Other income		
- Commissions received	304,126	245,889
- Donation and sponsorship income	103,645	76,544
- Interest received	16	62
- Membership income	78,969	59,697
- GST compensation	34,360	34,360
- Social and entertainment income	220,601	209,229
- Other income	114,368	6,818
- Government grants	630,000	636,000
	<u>1,486,085</u>	<u>1,268,599</u>
5. Result for the Year		
(a) The result for the year includes the following specific expenses		
Cost of sales	1,948,971	1,851,001
Employee benefits	4,640,951	4,664,566
Finance costs	71,350	97,158
Impairment of capital work in progress	571,439	-
Depreciation	1,497,129	1,570,249
	<u>1,486,085</u>	<u>1,268,599</u>
(b) The result for the year includes the following significant revenue and expenses		
Gain on revaluation of investment properties	375,000	-
Net gain on disposal of non-current asset	-	91,137
	<u>375,000</u>	<u>91,137</u>

Oak Flats Bowling and Recreation Club Limited
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Notes to the Financial Statements
For the Year Ended 30 June 2021

	2021	2020
	\$	\$
6. Cash and cash equivalents		
Cash on hand	275,523	409,762
Cash at bank	3,796,564	1,786,637
	<u>4,072,087</u>	<u>2,196,399</u>
7. Trade and other receivables		
CURRENT		
Trade receivables	5,086	60,738
Government grant receivable	-	195,000
	<u>5,086</u>	<u>255,738</u>
8. Inventories		
CURRENT		
At cost:		
Stock on hand	<u>115,815</u>	98,498
9. Other Assets		
CURRENT		
Prepayments	13,574	33,039
Other assets	37,764	32,745
	<u>51,338</u>	<u>65,784</u>
10. Intangible Assets		
Poker machine entitlements		
Cost	<u>1,671,375</u>	1,671,375

Oak Flats Bowling and Recreation Club Limited
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Notes to the Financial Statements
For the Year Ended 30 June 2021

	2021	2020
	\$	\$
11. Property, plant and equipment		
LAND AND BUILDINGS		
Land		
At fair value	6,931,100	6,431,100
Buildings		
At fair value	10,471,247	10,458,600
Accumulated depreciation	(567,415)	(685,481)
	9,903,832	9,773,119
Total land and buildings	16,834,932	16,204,219
CAPITAL WORKS IN PROGRESS		
As cost	571,439	339,052
Impairment	(571,439)	-
Total capital works in progress	-	339,052
PLANT AND EQUIPMENT		
At cost	5,020,687	4,987,524
Accumulated depreciation	(4,120,706)	(3,876,999)
Total plant and equipment	899,981	1,110,525
MOTOR VEHICLES/SAILING VESSELS		
At cost	372,252	372,252
Accumulated depreciation	(274,694)	(225,346)
Total motor vehicles	97,558	146,906
RIGHT-OF-USE ASSETS		
At cost	7,100,147	7,100,147
Accumulated depreciation	(5,493,758)	(4,785,305)
Total right-of-use assets	1,606,389	2,314,842
Total property, plant and equipment	19,438,860	20,115,544

The Illawarra Yacht Club land and building were revalued at 30 June 2019 by independent valuers, with a net gain of \$875,774 recorded in the asset realisation reserve and recognised as other comprehensive income. The valuation was based on market value. The Directors have reviewed the assumptions adopted in the independent valuations of the Land and Building held by Illawarra Yacht Club and believe the carrying value correctly reflects the fair value at 30 June 2021.

The Oak Flats Clubhouse Land and Building was independently valued at 30 June 2021 by independent valuers, with a net gain of \$1,040,897 recorded in the asset realisation reserve and recognised as other comprehensive income. The valuation was based on the highest and best alternate use. The critical assumption adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The Directors have reviewed the assumptions adopted in the 2021 independent valuation, with consideration for the impact of COVID-19 on local property prices and believe the carrying value of land and buildings at the Oak Flats Clubhouse Land and Building correctly reflects the fair value at 30 June 2021.

The Club's Capital Works in Progress (WIP) arose from the planned redevelopment. The Directors have performed an assessment of impairment, and as at the date of the report, due to revised future forecasts of the Club, determined WIP assets of \$571,439 were impaired.

Oak Flats Bowling and Recreation Club Limited
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Notes to the Financial Statements
For the Year Ended 30 June 2021

11. Property, plant and equipment (cont'd)

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:

	Capital Works in Progress	Land	Buildings	Plant and Equipment	Motor Vehicles / Sailing Vessels	Right-of-use Assets	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2021							
Balance at the beginning of year	339,052	6,431,100	9,773,119	1,110,525	146,906	2,314,842	20,115,544
Additions	232,387	-	79,370	39,229	-	-	350,986
Depreciation expense	-	-	(489,554)	(249,773)	(49,348)	(708,453)	(1,497,128)
Revaluation increase	-	500,000	540,897	-	-	-	1,040,897
Impairment	(571,439)						(571,439)
Balance at the end of the year	-	6,931,100	9,903,832	899,981	97,558	1,606,389	19,438,860

Core Property is specified as the OFBRC club house; bowling greens; car park and property contained in the consolidated OFBRC land title under which these areas are held. Core Property is also specified for the Arroying club house – first floor area; lower ground floor areas of administration; cellar; sailors' storage and change rooms; walkways to these lower ground floor areas from main stairs to first floor; car park, boat storage facilities, Yacht shop and property contained in the consolidated Arroying club house land title under which these areas are held. These are classified as property, plant and equipment in the Statement of Financial Position

Non-Core Property is specified as the residential houses owned by the Club from time to time and includes, but is not limited to numbers 9, 11 and 13 Devonshire Crescent. These are classified as investment property in the Statement of Financial Position. Non-Core Property is also specified at the Arroying Club house as the lower ground floor areas of the function rooms known as the mountain view room; wet bar area; and Lakeside rooms. These are classified as property, plant and equipment in the Statement of Financial Position.

12. Investment Property

	2021	2020
	\$	\$
Balance at the beginning of the year	1,695,000	1,695,000
Fair value adjustments	375,000	-
	2,070,000	1,695,000
Amounts recognised in Statement of Comprehensive income for:		
Rental income from investment properties	41,608	53,383
Direct operating expenses arising from investment properties that generated rental income	(7,228)	(7,557)
Repairs and maintenance expenses	(9,620)	(13,573)
	24,760	32,253

"Investment property" shown above is investments in residential properties at Devonshire Crescent, Oak Flats. The fair value model is applied to all Investment Properties. Values are based on an active liquid market and determined annually by Directors or Independent Valuers.

Oak Flats Bowling and Recreation Club Limited
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Notes to the Financial Statements
For the Year Ended 30 June 2021

	2021	2020
	\$	\$
13. Trade and other payables		
CURRENT		
Unsecured liabilities		
Trade payables	340,820	701,975
Other payables	331,877	438,613
Net GST payable	240,994	42,854
	<u>913,691</u>	<u>1,183,442</u>
14. Employee Benefits		
CURRENT		
Long service leave provisions	295,371	271,025
Annual leave provisions	436,561	437,390
	<u>731,932</u>	<u>708,415</u>
NON-CURRENT		
Long service leave provisions	60,852	66,212
Annual leave provisions	85,231	77,560
	<u>146,083</u>	<u>143,772</u>
15. Borrowings		
CURRENT		
Secured liabilities:		
Lease liability	157,680	157,680
Bank loans	505,785	1,520,071
	<u>663,465</u>	<u>1,677,751</u>
NON-CURRENT		
Secured liabilities:		
Lease liability	111,690	269,370
Bank loans	123,628	140,506
	<u>235,318</u>	<u>409,876</u>
The carrying amounts of non-current assets pledged as security are:		
First Mortgage:		
- freehold land and buildings	18,904,932	17,889,219
Floating charge:		
- other assets	8,519,627	8,199,119
	<u>27,424,559</u>	<u>26,088,338</u>

Bank overdraft and loans are secured by registered equitable mortgages over the Club's assets (including investment properties) and undertakings.

Oak Flats Bowling and Recreation Club Limited
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Notes to the Financial Statements
For the Year Ended 30 June 2021

	2021	2020
	\$	\$
15. Borrowings (cont'd)		
Bank loan facilities		
Unrestricted access was available at reporting date to the following lines of credit:		
Bank overdraft	500,000	500,000
Market rate loan	3,600,000	3,600,000
Used at balance date	<u>(629,413)</u>	<u>(1,660,577)</u>
Unused at balance date	<u>3,470,587</u>	<u>2,439,423</u>
16. Other liabilities		
CURRENT		
Unsecured		
Member's subscriptions in advance	<u>86,427</u>	<u>82,209</u>
17. Reserves		
Asset realisation reserve		
Opening balance	4,044,975	4,044,975
Revaluation of land and buildings	<u>1,040,897</u>	<u>-</u>
Closing balance	<u>5,085,872</u>	<u>4,044,975</u>
18. Capital and Leasing Commitments		
Operating leases		
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	11,464	14,736
- between one year and five years	<u>9,840</u>	<u>21,304</u>
	<u>21,304</u>	<u>36,040</u>

The Club has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss and other comprehensive income on a straight line basis

Capital Commitments

As of 30 June 2021, there were no capital commitments (30 June 2020: Nil)

Oak Flats Bowling and Recreation Club Limited
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Notes to the Financial Statements
For the Year Ended 30 June 2021

19. Financial Risk Management

The main risks Oak Flats Bowling and Recreation Club Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Club's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts, bills and leases.

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

		2021	2020
		\$	\$
Financial Assets			
Cash and cash equivalents	6.	4,072,087	2,196,399
Trade and other receivables	7.	5,086	255,738
Total financial assets		4,077,173	2,452,137
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	13.	913,691	1,183,442
Borrowings	15.	898,783	2,087,627
Other liabilities	16.	86,427	82,209
Total financial liabilities		1,898,901	3,353,278

20. Contingent Liabilities and Contingent Assets

Contingent liability - Security deposits

The Club has a security deposit of \$5,000 held with the Commonwealth Bank of Australia with respect to the Totalisator Agency Board and \$10,000 held with respect to the jetty at Illawarra Yacht Club.

No other contingent liabilities or assets are held at 30 June 2021.

21. Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Company is \$563,473 (2020: \$456,689)

22. Related Party Transactions

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

There were no transactions with related parties during the financial year.

Notes to the Financial Statements
For the Year Ended 30 June 2021

23. Fair Value Measurement

The Company measures the following assets and liabilities at fair value on a recurring basis:

- Land and buildings
- Investment property

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the club:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2021				
Recurring fair value measurements				
Property, plant and equipment - land and buildings		- 16,834,932		- 16,834,932
Investment Property		- 2,070,000		- 2,070,000
		<u>- 18,904,932</u>		<u>- 18,904,932</u>
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2020				
Recurring fair value measurements				
Property, plant and equipment - land and buildings		- 16,204,219		- 16,204,219
Investment Property		- 1,695,000		- 1,695,000
		<u>- 17,899,219</u>		<u>- 17,899,219</u>

Oak Flats Bowling and Recreation Club Limited

ABN: 86 001 017 894

Notes to the Financial Statements For the Year Ended 30 June 2021

24. Events Occurring After the Reporting Date

The financial report was authorised for issue on 29 September 2021 by the Board of Directors.

Matthew O'Hara ceased employment as the Club Secretary and General Manager on 16 July 2021. Toni Parkes acted as the Chief Executive Officer (CEO) from 16 September 2020 until the appointment of Debbie Organ as the CEO on 13 September 2021.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or state of affairs of the company in future financial years.

25. Impact of Coronavirus (COVID-19) on Continuing Operations

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

We have seen a significant impact on our business. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and the duration of these developments remain uncertain as at the date of this report however they will have an impact on our earnings, cash flow and financial condition. We have received the JobKeeper and Cashflow boost grants from Government to support our business during this challenging time.

It is not possible to estimate the impact of the outbreak's near-term and longer-term effects or the Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide quantitative or qualitative estimate of the potential impact of this outbreak on the Club at this time.

The Club is currently in the process of assessing and implementing their business continuity plan along with availing in any government offered support available to them. Future cash flow forecasts are also being revisited to assess the ability of the Club to sustain future activity and cashflows for normal operations, however management is confident that the Club can adapt to the changing environment as necessary and is confident the going concern remains appropriate at 30 June 2021.

26. Members' Guarantee

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 \$2 each towards meeting any outstanding obligations of the Company. At 30 June 2021 the number of members was 22,998 (2020: 18,204).

27. Company Details

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

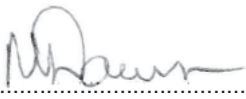
Oak Flats Bowling and Recreation Club Limited
Cnr Kingston and David Streets
Oak Flats NSW 2529

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 27, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director:

Director:

Dated 29/09/2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OAK FLATS BOWLING AND RECREATION CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Oak Flats Bowling and Recreation Club Limited (the Club), which comprises the statement of financial position as at 30 June 2021, 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 declaration by the directors.

In our opinion, the accompanying financial report gives a true and fair view of the financial position of the Club as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

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

Independence

We are independent of the Club in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Club's annual report for the year ended 30 June 2021 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.

Responsibilities of Management and the Directors for the Financial Report

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.

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements², and for such internal control as management determines 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, management is responsible for assessing the Club'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 management either intends to liquidate the Club or to cease operations, or has no realistic alternative but to do so.

Directors are responsible for overseeing the Club'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.

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:

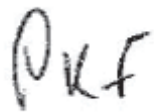
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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 Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Club'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 Club to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- 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.

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.

We also provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



PKF



KYM REILLY
PARTNER

29 SEPTEMBER 2021
SYDNEY, NSW