## DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2019.

**Directors**

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

GAUCI, Tony

HERRING, Brian

SCOTT, John (to January 2019)

EPPLE, Barry

DWYER, Peter

DICKENS, Kevin

HUZJAN, Frank

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

**Principal Activities**

The principal activity of the company during the financial year was the carrying on trade as a licensed bowling and sports club.

**Short-term and Long-term Objectives**

The company's short-term objectives are:

- to trade profitably as a Licensed Club
- to maintain the Club's current working capital
- to achieve the strongest financial position possible

The company's long-term objectives are:

- to maintain and where possible update Club facilities
- to protect the member's assets

**Strategies**

To achieve its stated objectives, the company has adopted the following strategies:

- monitoring monthly results
- developing KPI's
- developing and following a long term strategic plan

**New Accounting Standards Implemented**

The entity has implemented AASB 9: *Financial Instruments*, which has come into effect and is included in the results.

AASB 9: *Financial Instruments* has been applied using the retrospective method, with comparative amounts restated where appropriate.

## DIRECTORS' REPORT

**Information on Directors**

| | | |
|---|---|---|
| GAUCI, Tony | – | President |
| Experience | – | 18 years on the board |
| | | |
| HERRING, Brian | – | Treasurer |
| Experience | – | 19 years on the board |
| | | |
| DWYER, Peter | – | Vice President |
| Experience | – | 5 years on the board |
| | | |
| EPPLE, Barry | – | Director |
| Experience | – | 8 years on the board |
| | | |
| DICKENS, Kevin | – | Director |
| Experience | – | 2 years on the board |
| | | |
| HUZJAN, Frank | – | Director |
| Experience | – | 2 years on the board |

**Meetings of Directors**

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

| | Directors' Meetings (general) | |
|---|---|---|
| | **Number eligible to attend** | **Number attended** |
| GAUCI, Tony | 12 | 11 |
| HERRING, Brian | 12 | 12 |
| SCOTT, John | 6 | 4 |
| DWYER, Peter | 12 | 11 |
| EPPLE, Barry | 12 | 11 |
| DICKENS, Kevin | 12 | 11 |
| HUZJAN, Frank | 12 | 11 |

**Environmental regulations**

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**Contribution in winding up**

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 entity. At 30 June 2019 the total amount that members of the Company are liable to contribute if the Company wound up is $8,490

## DIRECTORS' REPORT

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 4 of the financial report.

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

**Tony Gauci**
20 August 2019

**Brian Herring**
20 August 2019

## AUDITOR'S INDEPENENCE DECLARATION TO THE DIRECTORS OF CULBURRA BOWLING & SPORTS CLUB LIMITED

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Culburra Bowling & Recreation Club Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Morton & cord

Michael Lees
Partner
20 August 2019

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | $ | $ |
| Revenue | 2 | 4,878,133 | 4,988,133 |
| Other income | 2 | 387,881 | 321,313 |
| **Total revenue** | | 5,266,014 | 5,309,446 |
| | | | |
| Cost of goods sold | | (772,319) | (773,144) |
| Employee benefits expense | | (1,539,360) | (1,598,929) |
| Depreciation and amortisation expense | 3b | (510,462) | (572,629) |
| Bar operating expenses | | (37,632) | (52,188) |
| Poker machine operating expenses | | (598,571) | (658,076) |
| Bowling greens operating expenses | | (11,584) | (15,043) |
| TAB and Keno operating expenses | | (44,261) | (44,083) |
| Promotions and entertainment expenses | | (349,996) | (368,496) |
| Occupancy expenses | | (374,356) | (334,463) |
| Borrowing costs | | (14,911) | (7,231) |
| Donations | | (95,118) | (84,507) |
| Cleaning products and services | | (125,876) | (123,142) |
| Members amenities | | (29,193) | (29,253) |
| Security contract | | (72,165) | (65,084) |
| Staff amenities | | (46,873) | (43,742) |
| Other expenses | | (465,001) | (464,273) |
| **Profit for the year** | | 178,336 | 75,163 |
| | | | |
| **Other comprehensive income** | | | |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | - | - |
| Profit attributable to members of the entity | | 178,336 | 75,163 |
| **Total comprehensive income attributable to members of the entity** | | 178,336 | 75,163 |

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | $ | $ |
| **ASSETS** | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 631,589 | 572,774 |
| Inventories | 5 | 74,909 | 81,461 |
| Trade and other receivables | 6 | 19,177 | 5,767 |
| Other assets | 7 | 24,136 | 16,814 |
| TOTAL CURRENT ASSETS | | 749,811 | 676,816 |
| NON-CURRENT ASSETS | | | |
| Investment properties | 8 | 1,180,000 | 1,180,000 |
| Property, plant and equipment | 9 | 8,095,829 | 7,726,183 |
| TOTAL NON-CURRENT ASSETS | | 9,275,829 | 8,906,183 |
| **TOTAL ASSETS** | | 10,025,640 | 9,582,999 |
| **LIABILITIES** | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 228,491 | 217,321 |
| Provisions | 11 | 192,328 | 199,327 |
| Borrowings | 12 | 314,341 | 316,803 |
| Other liabilities | 13 | 21,278 | 22,947 |
| TOTAL CURRENT LIABILITIES | | 756,438 | 756,398 |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | - | - |
| Provisions | 11 | 20,380 | 15,720 |
| Borrowings | 12 | 463,307 | 203,702 |
| TOTAL NON-CURRENT LIABILITIES | | 483,687 | 219,422 |
| **TOTAL LIABILITIES** | | 1,240,125 | 975,820 |
| NET ASSETS | | 8,785,515 | 8,607,179 |
| **EQUITY** | | | |
| Retained earnings | | 8,785,515 | 8,607,179 |
| **TOTAL EQUITY** | | 8,785,515 | 8,607,179 |

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2019

| | Note | Retained Earnings | Revaluation Surplus | Total |
|---|---|---|---|---|
| | | $ | $ | $ |
| **Balance at 1 July 2017** | | 8,532,016 | - | 8,532,016 |
| **Comprehensive income** | | | | |
| Profit (loss) for the year | | 75,163 | - | 75,163 |
| Other comprehensive income for the year: | | | | |
| – | | - | - | - |
| **Total comprehensive income attributable to members of the entity for the year** | | 75,163 | - | 75,163 |
| **Balance at 30 June 2018** | | 8,607,179 | - | 8,607,179 |
| **Balance at 1 July 2018** | | 8,607,179 | - | 8,607,179 |
| **Comprehensive income** | | | | |
| Profit (loss) for the year | | 178,336 | - | 178,336 |
| Other comprehensive income for the year: | | | | |
| – | | - | - | - |
| **Total comprehensive income attributable to members of the entity for the year** | | 178,336 | - | 178,336 |
| **Balance at 30 June 2019** | | 8,785,515 | - | 8,785,515 |

The accompanying notes form part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | $ | $ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 5,791,735 | 5,839,369 |
| Payments to suppliers and employees | | (5,115,872) | (5,292,688) |
| Interest received | | 800 | 929 |
| Net cash generated from operating activities | 21 | 676,663 | 547,610 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from disposals of property, plant and equipment | | 9,682 | 28,291 |
| Purchase of property, plant and equipment | | (884,672) | (440,121) |
| Net cash used in investing activities | | (874,990) | (411,830) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | (216,541) | (124,221) |
| Increase in borrowings | | 578,875 | - |
| Repayment of lease commitments | | (265,869) | (231,095) |
| Proceeds from lease commitments | | 160,677 | 247,216 |
| Net cash generated by/(used in) financing activities | | 257,142 | (108,100) |
| Net increase in cash held | | 58,815 | 27,680 |
| Cash and cash equivalents at beginning of financial year | | 572,774 | 545,094 |
| Cash and cash equivalents at end of financial year | 4 | 631,589 | 572,774 |

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Preparation**

Culburra Bowling & Recreation Club Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 20 August 2019 by the directors of the entity.

**Accounting Policies**

a. **Revenue**

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

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

b. **Inventories**

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

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

c. **Property, Plant and Equipment**

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

**Freehold property**

Freehold land and buildings are shown are measured at cost less accumulated depreciation on buildings.

**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. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Depreciation**

The depreciable amount of all fixed assets, including buildings and capitalised lease 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 | 2.5% |
| Plant and equipment | 15 – 30% |
| Leased motor vehicles | 20 – 30% |

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. Gains are not classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

d. **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.

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.

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

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

e. **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 the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

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

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

**Classification and subsequent measurement**

*Financial liabilities*

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

*Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

*Equity instruments*

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity's accounting policy.

**Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

*Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

*Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

The entity recognised a loss allowance for expected credit losses on:

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity used the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

*General approach*

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

*Simplified approach*

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

*Purchased or originated credit-impaired approach*

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the entity measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

*Low credit risk operational simplification approach*

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumed that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the entity applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

**Recognition of expected credit losses in financial statements**

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit and loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

f. **Impairment of Assets**

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs of disposal and value in use, is compared to the asset’s carrying amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

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.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. **Employee Benefits**

**Short-term employee benefits**

Provision is made for the entity'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.

The entity's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

**Other long-term employee benefits**

The entity 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 entity'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 high quality corporate 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 entity's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

h. **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 borrowings in current liabilities on the statement of financial position.

i. **Trade and Other Debtors**

Trade and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

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.

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*.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

l. **Intangible Assets**

**Software**

Software is initially recognised at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between one and three years. It is assessed 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 the 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 entity 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 entity.

**Key estimates**

*Estimation uncertainty*

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

(i) *Useful lives of depreciable assets*

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

**Key judgements**

(i) *Employee benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the entity expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal internal policy that requires annual leave to be used within 18 months), the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

r. **Fair Value of Assets and Liabilities**

The entity 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

"Fair value" is the price the entity 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 instruments, 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.

r. **New and Amended Accounting Standards Adopted by the Entity**

**Initial application of AASB 9: *Financial Instruments***

The entity has adopted AASB 9 with a date of initial application of 1 July 2018. As a result the entity has changed its financial instruments accounting policies.

AASB 9 requires retrospective application with some exemptions and exceptions (eg when applying the effective interest method, impairment measurement requirements, and hedge accounting in terms of the Standard).

There were no financial assets/liabilities which the entity had previously designated as at fair value through profit or loss under AASB 139: *Financial Instruments: Recognition and Measurement* that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the entity has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: REVENUE AND OTHER INCOME

| | | 2019 | 2018 |
|---|---|---|---|
| | | $ | $ |
| **Revenue** | | | |
| Trading income | | | |
| – | bar sales | 2,031,284 | 1,963,887 |
| – | keno commission | 82,917 | 78,528 |
| – | poker machine net revenue | 2,731,979 | 2,912,571 |
| – | TAB commission | 31,953 | 33,147 |
| | | 4,878,133 | 4,988,133 |
| **Other income** | | | |
| – | ATM rebates | 54,456 | 54,483 |
| – | bingo & raffles | 110,442 | 116,485 |
| – | Café revenue | 37,468 | 17,957 |
| – | green fees | 18,413 | 17,242 |
| – | interest received | 800 | 929 |
| – | member subscriptions | 25,293 | 25,997 |
| – | rent received | 42,004 | 46,824 |
| – | other revenue | 99,005 | 41,396 |
| **Total other income** | | 387,881 | 321,313 |
| **Total revenue and other income** | | 5,266,014 | 5,309,446 |

NOTE 3: PROFIT FOR THE YEAR

| | | | 2019 | 2018 |
|---|---|---|---|---|
| | **Expenses** | | | |
| a. | Employee benefits expense: | | | |
| | – | contributions superannuation funds | 141,437 | 142,514 |
| b. | Depreciation and amortisation: | | | |
| | – | land and buildings | 80,575 | 81,987 |
| | – | poker machines | 297,756 | 341,641 |
| | – | plant and equipment | 132,131 | 149,001 |
| | Total depreciation and amortisation | | 510,462 | 572,629 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 4: CASH AND CASH EQUIVALENTS

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| Cash at bank | 432,727 | 376,326 |
| Cash on hand | 198,862 | 196,448 |
| | 631,589 | 572,774 |

### NOTE 5: INVENTORIES

| | 2019 | 2018 |
|---|---|---|
| CURRENT | | |
| At cost: | | |
| Bar stock | 74,909 | 81,461 |
| | 74,909 | 81,461 |

### NOTE 6: TRADE AND OTHER RECEIVABLES

| | 2019 | 2018 |
|---|---|---|
| CURRENT | | |
| Trade receivables | 19,177 | 5,767 |
| | 19,177 | 5,767 |

### NOTE 7: OTHER ASSETS

| | 2019 | 2018 |
|---|---|---|
| Prepayments | 24,136 | 16,814 |
| | 24,136 | 16,814 |

### NOTE 8: INVESTMENT PROPERTIES

| | 2019 | 2018 |
|---|---|---|
| Investment properties | | |
| - at valuation | 885,909 | 885,909 |
| - fair value adjustments | 294,091 | 294,091 |
| | 1,180,000 | 1,180,000 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| **Land and Buildings** | | |
| Land, improvements & bowling greens: | | |
| – Cost | 1,825,000 | 1,825,000 |
| | 1,825,000 | 1,825,000 |
| Proposed club development | 24,782 | 24,782 |
| Buildings: | | |
| – Cost | 4,997,281 | 4,997,281 |
| Less accumulated depreciation | (1,123,321) | (1,042,746) |
| Total buildings | 3,873,960 | 3,954,535 |
| Total land and buildings | 5,723,742 | 5,804,317 |
| **Poker Machines** | | |
| At cost | 2,901,988 | 2,825,010 |
| Less accumulated depreciation | (1,684,106) | (1,574,717) |
| Total poker machines | 1,217,882 | 1,250,293 |
| **Plant and Equipment** | | |
| Bar & kitchen equipment: | | |
| At cost | 636,030 | 620,553 |
| Less accumulated depreciation | (559,646) | (540,206) |
| | 76,384 | 80,347 |
| Clubhouse assets: | | |
| At cost | 2,952,149 | 2,383,716 |
| Less accumulated depreciation | (1,948,293) | (1,862,859) |
| | 1,003,856 | 520,857 |
| Motor vehicles: | | |
| At cost | 134,500 | 134,500 |
| Less accumulated depreciation | (132,087) | (124,986) |
| | 2,413 | 9,514 |
| Bowling greens: | | |
| At cost | 15,083 | 15,083 |
| Less accumulated depreciation | 15,083 | (13,825) |
| | - | 1,258 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Bowling green equipment: | | |
| At cost | 124,273 | 106,991 |
| Less accumulated depreciation | (94,778) | (90,603) |
| | 29,495 | 16,388 |
| Outdoor poker machine area: | | |
| At cost | 56,521 | 56,521 |
| Less accumulated depreciation | (14,464) | (13,312) |
| | 42,057 | 43,209 |
| Total plant and equipment | 1,154,205 | 671,573 |
| Total property, plant and equipment | 8,095,829 | 7,726,183 |

**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 and Buildings | Poker Machines | Plant and Equipment | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **2019** | | | | |
| Balance at the beginning of the year | 5,804,317 | 1,250,293 | 671,573 | 7,726,183 |
| Additions at cost | - | 269,909 | 614,763 | 884,672 |
| Reclassification at carrying value | - | - | - | - |
| Disposals | - | (4,564) | - | (4,564) |
| Depreciation expense | (80,575) | (297,756) | (132,131) | (510,462) |
| Carrying amount at the end of the year | 5,723,742 | 1,217,882 | 1,154,205 | 8,095,829 |

NOTE 10: TRADE AND OTHER PAYABLES

| | 2019 | 2018 |
|---|---|---|
| CURRENT | | |
| Trade payables | 147,344 | 138,906 |
| Other current payables | 81,147 | 78,415 |
| | 228,491 | 217,321 |
| NON-CURRENT | | |
| Other non-current payables | - | - |
| | - | - |
| Total trade and other payables | 228,491 | 217,321 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: PROVISIONS

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| Provision for employee benefits: | | |
| Annual leave | 127,939 | 135,694 |
| Long service leave | 64,389 | 63,633 |
| | 192,328 | 199,327 |
| NON-CURRENT | | |
| Provision for employee benefits: | | |
| Long service leave | 20,380 | 15,720 |
| | 20,380 | 15,720 |
| Total provision for employee benefits | 212,708 | 215,047 |

| | Total |
|---|---|
| | $ |
| **Analysis of total provisions** | |
| Opening balance at 1 July 2018 | 215,047 |
| Additional provisions raised during year | 113,106 |
| Amounts used | (115,445) |
| Balance at 30 June 2019 | 212,708 |

**Provision for employee benefits**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(g).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 12: BORROWINGS

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| Business loan | 111,474 | 56,763 |
| Lease liabilities | 202,867 | 260,040 |
| | 314,341 | 316,803 |
| NON-CURRENT | | |
| Business loan | 307,623 | - |
| Lease liabilities | 155,684 | 203,702 |
| | 463,307 | 203,702 |
| Total borrowings | 777,648 | 520,505 |

### NOTE 13: OTHER LIABILITIES

| | 2019 | 2018 |
|---|---|---|
| Income in advance | 21,278 | 22,947 |
| | 21,278 | 22,947 |

### NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The directors do not believe that there are any contingent assets or liabilities as at the date of this report.

### NOTE 15: EVENTS AFTER THE REPORTING PERIOD

The Board has resolved to sell 12 West Crescent Culburra Beach. Subsequent to balance date, the Club has signed an agency agreement with Ray White Culburra. If a suitable price/offer is received, the Board will sell the property to enable future capital investment within the Club and achieve the Board's strategic plan. This includes car parking and bistro redevelopment.

### NOTE 16: CAPITAL AND LEASING COMMITMENTS

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| a. Finance Lease Commitments | | |
| Payable – minimum lease payments: | | |
| – not later than one year | 202,867 | 260,040 |
| – later than one year and not later than five years | 155,684 | 203,702 |
| – later than five years | - | - |
| Minimum lease payments | 358,551 | 463,742 |

Finance leases on poker machines of which there were 13 (2018: 11) commencing between 2016 and 2019 are three-year leases. No debt covenants or other such arrangements are in place.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### NOTE 17: 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) of that entity is considered key management personnel (KMP).

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

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| KMP compensation | 697,130 | 689,899 |

### NOTE 18: OTHER RELATED PARTY TRANSACTIONS

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

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

### NOTE 19: FINANCIAL RISK MANAGEMENT

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

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

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | $ | $ |
| **Financial assets** | | | |
| Cash and cash equivalents | 4 | 631,589 | 572,774 |
| **Total financial assets** | | 631,589 | 572,774 |
| **Financial liabilities** | | | |
| Financial liabilities at amortised cost: | | | |
| – trade and other payables | 10a | - | - |
| – borrowings | 12 | 777,648 | 520,505 |
| **Total financial liabilities** | | 777,648 | 520,505 |

Refer to Note 20 for detailed disclosures regarding the fair value measurement of the company's financial assets and financial liabilities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

### NOTE 20: FAIR VALUE MEASUREMENTS

The company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | $ | $ |
| **Recurring fair value measurements** | | | |
| *Investment properties* | | | |
| Investment properties (i) | 8 | 1,180,000 | 1,180,000 |

(i) For the investment properties, the fair values are based on an external independent valuation performed in the 2017 year, which used comparable market data for similar properties.

### NOTE 21: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period | 178,336 | 75,163 |
| Depreciation | 510,462 | 572,629 |
| (Gain)/loss on sale of property, plant and equipment | (5,117) | 6,134 |
| Operating profit before changes in working capital and provisions | 683,681 | 653,926 |
| (Increase)/decrease in inventories | 6,552 | (1,838) |
| (Increase)/decrease in trade and other receivables | (13,410) | 1,077 |
| (Increase)/decrease in other assets | (7,322) | (2,866) |
| (Decrease)/increase in trade and other payables | 11,170 | (55,715) |
| (Decrease)/Increase in provisions and employee benefits | (2,339) | (50,951) |
| (Decrease)/Increase of other liabilities | (1,669) | 3,977 |
| Net cash from operating activities | 676,663 | 547,610 |

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Culburra Bowling & Recreation Club Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 24, are in accordance with the *Corporations Act 2001* and:
    a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
    b. give a true and fair view of the financial position of the company as at 30 June 2019 and of its performance for the year ended on that date.
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.

**Tony Gauci**

20 August 2019

**Brian Herring**

20 August 2019

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CULBURRA BOWLING & RECREATION CLUB LIMITED

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Culburra Bowling & Recreation Club Limited (the company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Culburra Bowling & Recreation Club Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 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.

**Basis for Opinion**

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Culburra Bowling & Recreation Club Limited, 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 company's annual report for the year ended 30 June 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 Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 company'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 company'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 company 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.

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.

Morton & Cord

**Morton & Cord**

**Michael Lees**

20 August 2019

Nowra