



**Stockton Bowling
Club Co-Operative Limited**

ABN 54 349 023 257

**Annual Financial Report
for the year ended 30 June 2023**

Stockton Bowling Club Co-Operative Limited ABN 54 349 023 257

Annual financial report for the year ended 30 June 2023

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These financial statements are the financial statements of Stockton Bowling Club Co-Operative Limited. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 2 November 2023. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Stockton Bowling Club Co-Operative Limited (the Club) for the year ended 30 June 2023.

Directors details

The following persons were Directors of Stockton Bowling Club Co-Operative Limited during the financial year, and up to the date of this report:

Mrs Raelene Darwin

Chair

Director since 2020

Secretary, 2018 & Chairperson, Executive Committee 2019-2020 The Cove Retirement Village. Project Officer 2014-2017 Redman Enterprises RTO. Worked for 30 years in SA Government as EA & Project Officer, PIRSA until 2014

Mr Peter Quinn

Director

Director since 2022 (elected at AGM)

B. Ed, Dip. Teach.

Board member for 12 months.

Editor/proprietor of Stockton Messenger 1996-2011.

Rugby coach for Stockton Schooners (1998 - 2000) and

Hamilton Hawks (2001 - 2005).

Retired.

Mr Paul Darr

Director

Director since 2022 (elected at 20 December 2022)

13 years Commonwealth Bank finishing in overseas trade in Sydney.

Owner Builder of 4 holiday cottages in Hunter Valley Tourism Industry 1989 to 1991

Owner operator of Accommodation Hunter Hideaway Cottages as sole trader for 30 years, sold business and retired 2020.

Mr Robbie Allan

Vice President

Did not stand at AGM

Chartered Accountant for 41 years, Registered Company

Auditor for 35 years. Now semi-retired.

Mr Keith Wagner

Director

Resigned 8 August 2022

Retired.

Director's meetings

The number of meetings the Directors held during the year and the number of meetings attended by each Director is as follows:

Board members	Board meetings	
	A	B
Mrs Raelene Darwin	11	11
Mr John McCartney	11	11
Mr Peter Quinn Elected at AGM	7	7
Mr Peter Walsh Appointed after AGM on 26 November 2022	7	7
Mr Paul Darr Appointed 20 December 2022	6	6
Mr Michael Mace Did not stand at AGM	4	4
Mr Robbie Allan Did not stand at AGM	4	4
Mr Peter Summons Resigned 2 November 2022	4	2
Mr Keith Wagner Resigned 8 August 2022	1	1

Where:

- column A: the number of meetings the Director was entitled to attend

- column B: the number of meetings the Director attended

The Annual General Meeting was held on 26 November 2022

Mr John McCartney

Director

Director since 2021

18 years Administrator Downer EDI Engineering Power. Advanced Diploma Accounting 1992. 20 years Secretary or Treasurer Stockton Junior Rugby League, Stockton Senior Rugby League, Stockton Little Athletics.

Mr Peter Walsh

Director

Director since 2022 (elected at AGM)

Worked for 38 years as a teacher, 11 of which was done as the subject head of English and History. Previously served on Bowling Club Boards at Leeton and Kotara, as well as 6 years of service as the President of Stockton Bowling Club.

Mr Michael Mace

Former President

Did not stand at AGM

Worked as a Publican for 14 years and in the Club industry for 20 years. Currently working as a Meat wholesaler. Has obtained Master of Economics M.A..

Dr Peter Summons

Director

Resigned 2 November 2022

PhD, MComp, BE(Comp), DipEd(Math). Engineer at BHP Newcastle 1990-1995. Teacher/Lecturer of Information and Knowledge Systems, TAFE, Newcastle CAE/HIHE, University of Newcastle 32 Years. Consultant to Business and Industry 30 Years.

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 30 June 2023, the following land and buildings are considered to be core and non-core property:

Core - The Clubhouse and Greens at Mitchell Street, Stockton 2295
Non-Core - nil

Principal activities

During the year, the principal activities comprised the operation of a licenced Club with the aim to be considered the venue of choice, for social and bowls activities for members and guests, for Stockton and its adjacent suburban areas and being recognised as the 'Social Hub' of Stockton by a wide ranging age demographic.

There have been no significant changes in the nature of these activities during the year.

Review of operations and financial results

The loss incurred for the year was \$70,039 (2022: loss of \$87,293). This result was impacted by an increase in trading revenue, particularly in beverage and gaming which were impacted in the prior year by the lockdowns imposed which required the Club to close from 5 August 2021 until 11 October 2021 along with ongoing COVID-19 restrictions after reopening. Offsetting this, the Club saw a decrease in other income for COVID Jobsaver grants and profits on sale of intangible assets which did not occur this year. Expenses were relatively stable with an increase of only 2% on the prior year.

	2023	2022
	\$	\$
Revenue	1,632,539	1,579,781
Expenses	(1,702,578)	(1,667,074)
Profit before income tax	(70,039)	(87,293)
Income tax	-	-
Net profit	(70,039)	(87,293)

Events since the end of the financial year

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

Likely developments and expected results of operations

The Club expects to continue its current operations with a focus on continuing to provide quality facilities, service and events to increase its customers.

Environmental regulation

The Club's operations are not regulated by any significant environmental regulations under the law of the Commonwealth or of a state or territory of Australia.

Indemnifying Officer or Auditor

The Club has, not during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Club indemnified or made any relevant agreements for indemnifying against a liability incurred as an officer, including costs in successfully defending legal proceedings

During the financial year, the Club has paid a premium in respect of a contract of insurance insuring Directors and Officers (including former and future Directors and Officers) against certain liabilities incurred in that capacity. Disclosure of the total amount of premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of the insurance.

Rounding of amounts

The Club is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Co-operatives National Law (NSW) is set out on page 5 and forms part of this Directors' report.

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



Raelene Darwin - Chair



John McCartney - Director

Stockton, NSW

Dated: 2 November 2023

Auditor's independence declaration

To the Directors of Stockton Bowling Club Co-Operative Limited

In accordance with the requirements of the Co-operatives National Law (NSW) , as lead auditor for the audit of Stockton Bowling Club Co-Operative Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Co-operatives National Law (NSW) in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Shaun Mahony - Partner



Pitcher Partners NH Partnership
Chartered Accountants

Dated: 2 November 2023
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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Stockton Bowling Club Co-Operative Limited

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

		2023	2022
		\$	\$
Revenue from continuing operations	Notes 2	1,532,048	1,285,766
Other Income	3	100,491	294,015
Bar cost of goods sold		(347,130)	(273,114)
Cafe cost of goods sold		(24,176)	(35,640)
Bar direct expenses		(226,584)	(253,896)
Cafe direct expenses		(40,962)	(62,883)
Poker machine direct expenses		(104,117)	(106,237)
Paper gaming expenses		(25,640)	(18,161)
Members amenities		(134,870)	(66,729)
Clubhouse expenses		(235,896)	(260,682)
Administration expenses		(383,383)	(356,279)
Greens activities		(90,994)	(104,218)
Raffle & bingo expenses		(72,191)	(103,657)
Finance costs		(16,635)	(25,578)
		(1,702,578)	(1,667,074)
Profit / (loss) before income tax		(70,039)	(87,293)
Income tax expense		-	-
Profit / (loss) for the year		(70,039)	(87,293)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		(70,039)	(87,293)

The above *statement of profit or loss and other comprehensive income* should be read in conjunction with the accompanying notes

Stockton Bowling Club Co-Operative Limited
Statement of financial position
As at 30 June 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	114,055	120,653
Inventories	5	18,301	24,104
Financial assets at amortised cost	6	18,865	232,530
Other assets	7	-	52,024
Total current assets		151,221	429,311
Non-current assets			
Property, plant and equipment	8	620,128	557,524
Lease assets	9 (a)	259,708	264,079
Total non-current assets		879,836	821,603
Total assets		1,031,057	1,250,914
LIABILITIES			
Current liabilities			
Trade and other payables	10	153,302	199,841
Financial liabilities	11	35,000	90,596
Provisions	12	70,046	82,664
Other liabilities	13	235,165	266,320
Lease liabilities	9 (b)	6,070	5,689
Total current liabilities		499,583	645,110
Non-current liabilities			
Provisions	12	5,322	6,198
Lease liabilities	9 (b)	259,257	262,672
Total non-current liabilities		264,579	268,870
Total liabilities		764,162	913,980
Net assets		266,895	336,934
MEMBERS FUNDS			
Retained profits		266,895	336,934
Total members funds		266,895	336,934

The above *statement of financial position* should be read in conjunction with the accompanying notes

Stockton Bowling Club Co-Operative Limited
Statement of changes in equity
For the year ended 30 June 2023

	Retained Profits \$	Total \$
Balance at 1 July 2021	424,227	424,227
Profit/(loss) for the year	(87,293)	(87,293)
Total comprehensive income for the year	(87,293)	(87,293)
Balance at 30 June 2022	336,934	336,934
Profit/(loss) for the year	(70,039)	(70,039)
Total comprehensive income for the year	(70,039)	(70,039)
Balance at 30 June 2023	266,895	266,895

The above *statement of changes in equity* should be read in conjunction with the accompanying notes

Statement of cash flows

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from members and customers		1,677,432	1,624,077
Receipts from government stimulus payments		-	99,724
Receipts from government grants		300,656	3,218
Payments to suppliers and employees		(1,719,768)	(1,590,193)
Interest received		25	7
Interest paid		(16,635)	(25,578)
Net cash inflow (outflow) from operating activities		241,710	111,255
Cash flows from investing activities			
Payments for property, plant and equipment		(187,023)	(69,513)
Net cash inflow (outflow) from investing activities		(187,023)	(69,513)
Cash flows from financing activities			
Proceeds from borrowings		35,000	65,026
Repayment of borrowings		(90,596)	(104,939)
Repayment of lease liabilities		(5,689)	(5,331)
Net cash inflow (outflow) from financing activities		(61,285)	(45,244)
Net increase in cash and cash equivalents		(6,598)	(3,502)
Cash and cash equivalents at the beginning of the financial year		120,653	124,155
Cash and cash equivalents at the end of the financial year	4	114,055	120,653

The above *statement of cash flows* should be read in conjunction with the accompanying notes

1 Summary of significant accounting policies

(a) Information about the entity

- Stockton Bowling Club Co-Operative Limited is a Co-operative without share capital.
- Stockton Bowling Club Co-Operative Limited is a not for profit entity for the purpose of preparing the financial report.
- The registered office of the Club is 122 Mitchell Street, Stockton NSW 2295.
- The principal place of business of the Club is 122 Mitchell Street, Stockton NSW 2295.

(b) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures and the Co-operatives National Regulations (NSW).

(c) Statement of compliance

This financial report complies with AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities as issued by the Australian Accounting Standards Board (AASB).

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian Dollars.

(d) Going Concern

The following factors indicate there is material uncertainty in relation to the Club's ability to continue as a going concern:

- (a) At 30 June 2023 Club has a working capital deficiency of \$348,362 represented by current assets of \$151,221 and current liabilities of \$499,583. The current liabilities includes: Grant income in advance of \$210,500 which has been received in the current year in relation to capital projects which have commenced but are not yet complete.
- (b) The Club has reported a loss of \$70,039 in the current year and a loss of \$87,293 in the prior year.
- (c) The Club realised a positive operating cashflow of \$241,710, however this included grant funding of \$300,656, which leaves an underlying negative operating cashflow of (\$58,946).
- (d) The Club is expected to need to spend \$175,239 on the capital projects relating to the grant funding over the next 12 months. This is made up of \$107,239 from the grant funds already received and \$60,000 club contribution which are related to the windows project and \$8,000 for the disabled toilet project.

The Directors have determined that the going concern basis is appropriate given:

- (a) The Club has a cash balance at 30 June 2023 of \$114,055.
- (b) The Club has negotiated a payment arrangement with the ATO in relation to its outstanding obligations for GST and PAYGW which allows the Club to make monthly repayments over a period of 36 months commencing in October 2023.
- (c) The Club has employee leave entitlements of \$57,290 included as a current liability, however the Directors do not expect to be required to settle the full amount owing to employees within the next 12 months.
- (d) The Club has negotiated to lease 6 of its gaming machines entitlements which are expected to commence in November 2023 for a period of 3 years with total annual lease revenue of \$54,750 and will result in an improved net return from these assets.
- (e) The Club has negotiated to sell a further 6 gaming machine entitlements for approximately \$115,000 which is expected to be completed in December 2023.
- (f) The Club has committed to completing the upgrade of the windows utilising Grant funding along with contributing a further \$60,000 to the project. The Directors expect to be able to fund this from asset sales or will seek to renegotiate this obligation.
- (g) The Directors expect that the financial support received from its men's and ladies bowling sub Clubs and two Directors who have provided short term loans totalling \$35,000 to remain in place with repayments being made no earlier than originally agreed.
- (h) The Directors have prepared a cashflow budget for 2024 and based on the forecasts, expect the Club to continue to trade with sufficient positive operating cashflows in order to meet its obligations to financiers, suppliers, employees and other creditors.
- (i) The Club has been successful in receiving grants and other funding which will assist in renewal of Club assets and facilities to improve the experience of patrons and continue to attract members and guests to the Club.
- (j) The Directors expect to receive the ongoing support of its members and suppliers.

It is on this basis that the Directors have determined that the going concern basis is appropriate.

There is material uncertainty related to the above events and conditions that cast significant doubt on the Clubs ability to continue as a going concern. As a result it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in this financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded amounts or to the amounts and classification of liabilities that might be necessary should the Club not continue as a going concern.

1 Summary of significant accounting policies (continued)

(e) Income Taxes

The Club is exempt from income tax under section 50-45 of the Income Tax Assessment Act 1997.

(f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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.

(g) Rounding of amounts

The Club is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

2 Revenue

(a) Disaggregation of revenue from contracts with customers

The Club derives revenue from the transfer of goods and services over time and at a point in time for the following services:

	Beverage revenue \$	Cafe revenue \$	Gaming revenue \$	Raffle and bingo revenue \$	Bowls revenue \$	Other revenue \$	Total \$
2023							
Revenue from contracts with customers	902,975	58,375	357,214	67,131	29,405	99,768	1,514,868
Other revenue (not covered by)	-	-	17,180	-	-	-	17,180
	<u>902,975</u>	<u>58,375</u>	<u>374,394</u>	<u>67,131</u>	<u>29,405</u>	<u>99,768</u>	<u>1,532,048</u>

Timing of revenue recognition

At a point in time	902,975	58,375	357,214	67,131	29,405	70,230	1,485,330
Over time	-	-	17,180	-	-	29,538	46,718
	<u>902,975</u>	<u>58,375</u>	<u>374,394</u>	<u>67,131</u>	<u>29,405</u>	<u>99,768</u>	<u>1,532,048</u>

	Beverage revenue \$	Cafe revenue \$	Gaming revenue \$	Raffle and bingo revenue \$	Bowls revenue \$	Other revenue \$	Total \$
2022							
Revenue from contracts with customers	657,868	90,208	316,257	98,270	22,337	83,646	1,268,586
Other revenue (not covered by)	-	-	17,180	-	-	-	17,180
	<u>657,868</u>	<u>90,208</u>	<u>333,437</u>	<u>98,270</u>	<u>22,337</u>	<u>83,646</u>	<u>1,285,766</u>

Timing of revenue recognition

At a point in time	657,868	90,208	316,257	98,270	22,337	67,936	1,252,876
Over time	-	-	17,180	-	-	15,710	32,890
	<u>657,868</u>	<u>90,208</u>	<u>333,437</u>	<u>98,270</u>	<u>22,337</u>	<u>83,646</u>	<u>1,285,766</u>

2 Revenue (continued)

(b) Accounting policies and significant judgements

The Club recognises revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the Club is or expects to be entitled in exchange for those goods or services.

The Club considers whether there are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. Loyalty Points Program). In determining the transaction price for the sale of goods, the Club considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Sale of goods - beverage revenue

Revenue from the sale of beverages is recognised at a point in time when the physical control of the goods passes to the customer.

(ii) Sale of goods - cafe revenue

Revenue from the sale of café food and beverage is recognised at a point in time when the physical control of the goods passes to the customer.

(iii) Provision of services - gaming revenue

Revenue from rendering services from gaming facilities to members and other patrons of the club is recognised when the services are provided. Gaming revenue is measured at the fair value of the consideration received from the net position of the wagers placed less customer winnings paid out. Commission revenue where the Club acts as an agent for third parties who provide wagering services to members and guests is recognised at a point in time when the wagering transaction has been completed.

(iv) Provision of services - raffle and bingo revenue

Raffle and bingo revenue is recognised at a point in time when the customer takes possession of the ticket and the raffle or bingo event has been conducted as at this point the performance obligations have been satisfied.

(v) Provision of services - bowls revenue

Revenue from rendering services from bowling activities is recognised at a point in time when the game of bowls has been completed as at this point the performance obligations have been satisfied.

(vi) Other revenue

Included within other revenue is membership subscriptions which are recognised over the term of membership and any unearned portion is deferred and included in contract liabilities. Membership revenue is measured with reference to the fee received and the period of membership that the member has paid for.

The balance of other revenue is recognised at a point in time when the performance obligation has been satisfied.

3 Other income and expense items

(a) Other income

	2023 \$	2022 \$
Rental income	10,727	19,672
Interest income	25	7
Insurance Recoveries	-	32,000
Government stimulus - JobSaver	-	99,724
Government grants	83,042	33,468
Gain on disposal of intangible assets	-	100,000
Other Income	6,697	9,144
	<u>100,491</u>	<u>294,015</u>

3 Other income and expense items (continued)

(i) *Rental income*

Rental income is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. The Club recognises rental revenue on a straight line basis with reference to the applicable CPI increases, discount rates and any relevant rental incentives.

(ii) *Interest income*

Interest income is recognised on an accruals basis.

(iii) *Insurance recoveries*

The Club recognises income from insurance claims when an insured event has occurred and the realisation of the insurance recovery is virtually certain.

(iv) *Government Stimulus Funding*

The Club recognises stimulus funding from the Australian Taxation Office and Revenue NSW when it is considered to be receivable.

(v) *Government grants*

The Club recognises grant funding at a point in time when the performance obligation has been satisfied.

(vi) *Gain on disposal of intangible assets*

The Club recognised gains and losses on disposal of intangible assets by comparing proceeds received on sale with the carrying amount of the asset being sold.

	2023 \$	2022 \$
(b) Other expenses		
Employee Benefits Expense	560,677	594,901
Interest costs	16,635	25,578
Depreciation expense	143,996	159,043

4 Cash and cash equivalents

Current

Cash and Cash Equivalents	114,055	120,653
	<u>114,055</u>	<u>120,653</u>

Accounting policy

Cash and short-term deposits in the Statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

5 Inventories

Current

Stock on hand	18,301	24,104
	<u>18,301</u>	<u>24,104</u>

Accounting policy

Inventories are measured at the lower of cost and current replacement cost.

6 Financial assets at amortised cost

Current

Deposits	5,000	5,000
Other receivables	13,865	227,530
	<u>18,865</u>	<u>232,530</u>

Accounting policy

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

7 Other assets

Current

Prepayments

	2023	2022
	\$	\$
	-	52,024
	-	52,024

Accounting policy

This includes prepayments made in advance for goods and services which are to be received in a future period.

8 Property, plant and equipment

	Capital WIP	Buildings	Plant and equipment	Poker machines	Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$
Non-current assets						
At 1 July 2022						
Cost	-	1,183,420	465,351	580,682	156,197	2,385,650
Accumulated depreciation	-	911,470	387,523	407,635	121,498	1,828,126
Net book amount	-	271,950	77,828	173,047	34,699	557,524
Year ended 30 June 2023						
Opening net book amount	-	271,950	77,828	173,047	34,699	557,524
Additions	119,543	72,251	-	2,000	5,780	199,574
Depreciation charge	-	52,156	21,056	56,054	7,704	136,970
Closing net book amount	119,543	292,045	56,772	118,993	32,775	620,128
At 30 June 2023						
Cost	119,543	1,255,671	465,351	582,681	161,977	2,585,223
Accumulated depreciation	-	963,626	408,579	463,688	129,202	1,965,095
Net book amount	119,543	292,045	56,772	118,993	32,775	620,128

Accounting policy

(a) Buildings

Buildings are carried at cost less any accumulated depreciation and any impairment in value.

(b) Plant and equipment, poker machines, furniture and fittings

Plant and equipment, poker machines and furniture and fittings are carried at cost less any accumulated depreciation and any impairment in value.

(c) Depreciation

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Buildings	25 - 50 years
Plant and Equipment	2.5 - 14 years
Poker Machines	2 - 7 years
Furniture and Fittings	2 - 20 years

(d) Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generating unit in which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Club would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as a separate line item.

9 Lease assets and liabilities

The Club leases several assets including the land on which the Club buildings and facilities are situated as well as the point of sale system.

The lease over the Crown Land occupied by the Club is a lease in Perpetuity between the Club and Crown Lands NSW and commenced in 1966. The agreement provides the right of the Minister to terminate the lease at any time with all improvements reverting to the Landlord.

	2023 \$	2022 \$
a) Lease assets		
Non-current		
Carrying amount of lease assets, by class of underlying asset:		
Plant and Equipment	5,269	12,295
Club Land	254,439	251,784
Lease assets	259,708	264,079

	Plant and Equipment \$	Land and Buildings \$	Total \$	Total \$
Reconciliation of lease assets				
Carrying amount at the beginning of the year				
At 1 July 2022	12,295	251,784	264,079	263,978
Additions	-	2,655	2,655	7,127
Amortisation	7,026	-	7,026	7,026
Carrying amount at the end of the year	5,269	254,439	259,708	264,079

b) Lease liabilities				
Current				
Lease liabilities	6,070	-	6,070	5,689
Non-current				
Lease liabilities	4,818	254,439	259,257	262,672
Total	10,888	254,439	265,327	268,361

	Plant and Equipment \$	Land and Buildings \$	Total \$	Total \$
Reconciliation of lease liabilities				
Carrying amount at the beginning of the year				
At 1 July 2022	16,577	251,784	268,361	266,565
Additions	-	2,655	2,655	7,127
Interest expense	911	16,564	17,475	17,660
Lease payments	(6,600)	(16,564)	(23,164)	(22,991)
Net movement during year	(5,689)	2,655	(3,034)	1,796
Carrying amount at the end of the year	10,888	254,439	265,327	268,361

		Total \$	Total \$
Maturity analysis of future lease payments			
Not later than 1 year	6,600	-	6,600
Later than 1 year and not later than 5 years	4,950	-	4,950
Lease payments	11,550	-	18,150

The future lease payments relating to the land lease in perpetuity has been recognised at the net present value of the current annual lease payment being \$16,564 and discounted using the incremental borrowing rate noted below.

Accounting policy

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

At inception, a lease asset and a lease liability is recognised. Lease assets are included in the statement of financial position and grouped in classes of similar underlying assets.

9 Leases/assets and liabilities (continued)

Lease assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- an estimate of costs to be incurred in dismantling and removing the underlying asset;
- any initial direct costs incurred;

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Club's incremental borrowing rate. The weighted average incremental borrowing rate is 6.51%.

The lease payment used in the calculation of the lease liabilities includes variable payments when they relate to an index or rate. Where leases contain variable lease payments based on an index or rate at a future point in time, the Club has only included the known CPI increases to date and not estimated future CPI-related increases.

The Club does not recognise leases that have a lease term of 12 months or less or are of low value as a lease asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Lessor

Leases for which the Club is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

As lessor for operating leases, the Club recognises lease payments as income. The underlying asset is depreciated on a straight line basis over its expected useful life.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

10 Trade and other payables

	2023	2022
	\$	\$
Current		
Trade payables	87,340	130,931
Other payables and accruals	27,320	22,502
GST/PAYGW payable	38,642	46,408
	<u>153,302</u>	<u>199,841</u>

Accounting policy

Trade and other payables, including accruals, are recorded initially at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing. Trade accounts payable are normally settled within 30 days.

Stockton Bowling Club Co-Operative Limited
Notes to the financial statements
For the year ended 30 June 2023

11 Financial liabilities

	2023	2022
	\$	\$
Current		
<i>Secured</i>		
Bank loans	-	19,141
Equipment loan	-	17,110
Total secured financial liabilities	-	36,251
<i>Unsecured</i>		
Loans - Insurance premium funding	-	54,345
Other loans - related parties	35,000	-
Total unsecured financial liabilities	35,000	54,345
	35,000	90,596

Accounting policy

Financial liabilities are initially recognised at fair value, net of transaction costs incurred. Borrowing costs are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest rate method.

Financial liabilities are classified as current liabilities unless the Club has a right to defer settlement of the liability for at least 12 months after the reporting period.

12 Provisions

Current

Employee entitlements (i) & (ii)	57,290	72,592
Jackpots	12,756	10,072
	70,046	82,664

Non-current

Employee entitlements (ii)	5,322	6,198
	5,322	6,198

Accounting policy

(i) *Annual leave*

Liabilities for annual leave expected to be settled within 12 months of the reporting date, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Any annual leave expected to be settled beyond 12 months of the reporting date is measured at the present value of expected future payments.

(ii) *Long service leave*

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage levels and period of service. Discount rates of the Australian bond rates matching the estimated future cash outflows have been used.

Stockton Bowling Club Co-Operative Limited
Notes to the financial statements
For the year ended 30 June 2023

13 Other liabilities

	2023	2022
	\$	\$
Current		
Other liabilities - funding in advance	210,500	222,500
Contract liabilities - membership income	5,415	17,570
Rebate in advance	19,250	26,250
	<u>235,165</u>	<u>266,320</u>

14 Commitments

	2023	2022
	\$	\$
(i) <i>Capital Commitments</i>	167,239	-
	<u>167,239</u>	<u>-</u>

Accounting policy

Revenues received in advance are recorded as a contract liability if they are in relation to contracts with customers under AASB 15 and recognised as revenue when they are earned in future periods. Other revenue received in advance that is not covered by AASB 15 is recorded as other liabilities and is recognised as revenue when they are earned in future periods.

15 Related parties

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

(a) *Key management personnel compensation*

Total key management personnel benefits	<u>112,343</u>	<u>110,000</u>
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(b) *Transactions with other related parties*

Loans from related parties:		
Director Peter Walsh	10,000	
Director Paul Darr	10,000	-
Stockton Mens Bowls Club	10,000	-
Stockton Womens Bowls Club	5,000	-

The above loans from Directors were provided on 27 June 2023 and are interest free for a period of 12 months with 10 equal monthly instalments commencing in September 2023 .

The above loans from the Stockton Mens Bowls Club and Stockton Womens Bowls Club were provided on 29 June 2023, are interest free and to be repaid as soon as possible after 30 September 2023.

16 Remuneration of auditors

Auditor of the company

Audit of the financial statements	17,700	16,900
Other services - taxation compliance	410	2,400
Other services - consulting	10,505	18,245
	<u>28,615</u>	<u>37,545</u>

17 Critical accounting estimates and judgements

Management is required to make judgements, estimates and assumptions about reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Judgements made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next period are disclosed where applicable, in the relevant notes to the financial statements:


- Estimation of useful lives of non-current assets (notes 8 and 9(a)) - The useful life of property, plant and equipment and lease assets (where useful life is greater than the lease term) is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence. The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.
- Accounting for Lease in Perpetuity with Crown Lands NSW (note 9) - The accounting treatment of the Club's lease in perpetuity with Crown Lands NSW involves judgement and estimates in determining whether the contract grants rights that result in transfer of control of the asset to the Club and therefore results in the in-substance purchase of the Land. The Directors have determined that control of the asset does not transfer to the Club and as such the contract has been treated as a lease in accordance with AASB16 Leases.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 19 are in accordance with the Co-operatives National Law (NSW), including:
 - (i) comply with Australian Accounting Standards - Simplified Disclosures, and the Co-operatives National Law (NSW).
 - (ii) giving a true and fair view of the Club's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Club 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 Directors.



Raelene Darwin - Chair


John McCartney - Director

Stockton, NSW
2 November 2023

Independent auditor's report **to the members of Stockton Bowling Club Co-Operative Limited**

Opinion

We have audited the financial report of Stockton Bowling Club Co-Operative Limited (the Club) which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Club is in accordance with the Co-operatives National Law (NSW) including:

- (i) giving a true and fair view of the Clubs financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) comply with Australian Accounting Standards - Simplified Disclosures, and the Co-operatives National Regulations (NSW).

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 Club in accordance with the auditor independence requirements of the Co-operatives National Law (NSW) and 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.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(d) to the financial report, which indicates that the Club has a deficiency in working capital such that current liabilities exceeded current assets by \$348,362 and incurred a loss of \$70,039 for the year end 20 June 2023. As stated in Note 1(d), these events or conditions, along with other matters as set forth in Note 1(d), indicate that a material uncertainty exists that may cast significant doubt on the Club's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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 2023, but does not include the financial report and our auditor's report thereon. The other information provided at the date of this report comprises the Detailed Profit and Loss Statements.

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 further to report in this regard.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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Responsibilities of the Directors for the financial report

The Directors of the Club are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and the Co-operatives National Law (NSW) 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 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 the Directors either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Clubs financial reporting process.

Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Club for the year ended 30 June 2023 included on the Club's web site. The Club's Directors are responsible for the integrity of the Club's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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.

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



Shaun Mahony - Partner



Pitcher Partners NH Partnership
Chartered Accountants

2 November 2023
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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