



ANNUAL REPORT

2020-2021

CONTENTS

Chairman's Report	3
General Manager's Report	4
Directors' Report	5
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 5	8
Statement of Profit or Loss and Other Comprehensive Income 6	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Directors' Declaration	25
Independent Audit Report	26

CHAIRMAN'S REPORT

At the 2020 AGM, the club was in a fair position due to the Government grants and the JobKeeper subsidies, but nothing could be taken for granted. We were all still swirling after the COVID lockdown and getting used to life at the club wearing masks and sitting down.

Our new manager, Ryan Clarke, was putting his stamp on things and I know as a Director I was confident that we had chosen the right person for the job. We just needed time for him to shift the club's old ways of administration and procedures to what we now know as our new norm. Time has proven Ryan's worth, and I thank him for his commitment to our club.

20/21 has been another tough year with restrictions and the ongoing concern of the government flicking the COVID lockdown switch at a moment's notice. Thankfully we have been able to follow all requirements set down, due to the hard work and dedication of our staff and steered by our manager Ryan.

I moved into the Chairman's position in February after Bill Brodie retired. We must never doubt the passion Bill has for this club and his valuable years of service on the Board of Directors. Bill's strength was the driving force of our club moving into a new era by way of reducing the excesses within the business. I thank Bill for his many years of service and also thank Anne as there is always a supportive partner who are almost always forgotten.

Our achievements for the 2020/21 year could be considered to be 'spectacular' and could only have been achieved by our manager's financial knowledge, his ability to guide the staff and an ability to drive our costs and outgoings down.

A \$486,000 surplus or profit for the 20/21 annual year (\$180 000 was achieved through government assistance).

Reduction of the club's debt has been foremost in all decisions and as stated at last year's AGM, a monthly commitment of \$10 000 has been paid off the principal. With the additional cashflow, the club has been able to pay down the loan by a total of \$245,495 which should be seen as the club's main success for the 2021 financial year.

The cosmetic upgrade within the clubhouse will

bring a new dynamic to the Club and make us a more desirable venue for our major trading facilities; food, beverages, social interaction and gaming. By the good grace of the ships on the high seas, we should be enjoying the new furniture for those members who attend the 41st AGM.

New play equipment for the front lawn area, which will no doubt be a draw card for locals with young children and those who like to take a drink or meal in the outdoors, should see the area being used more frequently. If mum's happy, dad's happy!

The long-awaited sliding door access to the outdoor areas and greens was finally installed.

We welcomed a new Audit company, 'Kothes Accounting Group,' who most importantly have a proven track record within the clubs industry, and their attention to detail is exceptional.

The Board of Directors have worked very hard over the last 12 months and each of us have used our varied skills where they have been best for the club. I am sure the incoming Board will also be keeping up the good work and continue our mission for the longevity of this club's future.

We would like to say a big thank you to Lucy Downward as she steps down after ten years of service to the club's board.

Once again, our bowling greens and surrounds have been kept in excellent condition and continue to be the highest standard of any in the area. I thank Paul and his newly appointed assistant, Kris, for their time and efforts.

Thank you to our staff for their loyalty and hard work. To our senior staff – Derek, Trish and team, your time and flexibility during this crazy year have been invaluable - please keep up the good work.

Thank you to all who have supported 'Your Club' over the past year and I hope to see you all regularly in the coming year.


CORAL NATHAN
Chairman

GENERAL MANAGER'S REPORT

On behalf of the board, I present the Pottsville Beach Sports Club Annual Report for the period ending 30 June 2021. As the figures in the report states, the club returned a trading profit of \$486,214 compared to last year's loss of \$2,764. It should be noted that \$180,000 has come from government subsidies.

Well, where do I start? This past year, Covid has thrown everything at our little club and I am happy to say we have been able to rise to the challenges and achieve one of our best results in many years. That said, a massive thank you needs to be sent out to all of the club stakeholders; the board for their direction, staff for their resilience and hard work and you the member that keep coming back after we have told you to; sit down while drinking, download your app, put your mask on, scan in and interrogate you when you return from holidays! The commitment you all have shown to Pottsville Beach Sports Club is truly outstanding, so I thank you.

Reflecting on my report from last year, I had outlined that I would be focusing on improving the efficiency within the operations to help lower the club's outgoings. I am happy to say we have been able to achieve a reasonable result over the past twelve months by looking at our expenses and reducing them by more than \$160,000 from the previous period. I had also stated that I would be focusing on communication to our members and one way in which this was addressed was through an online survey. From the survey, you-the member, outlined that you would like to see a cosmetic makeover of the club's interiors, more entertainment and kid friendly activities in the outdoor area. These responses have shaped the board's direction and investment for the forthcoming twelve months and we hope to be able to showcase these improvements in the not-too-distant future.

So where to now? Having a 'glass half full' mindset and living with Covid in the North Coast of NSW, the club will be really reaching out to the Pottsville and surrounding communities to use our venue for their next event/function, a bite to eat or a safe place to meet with friends and family. We will be looking to see how we are able to increase our offerings to the community and look at the long-term strategies to future proof the club's longevity in the area.

As briefly mentioned above, I need to thank all my

hard-working staff. Being a small club, teamwork and culture is imperative to get right and after the challenges of the past twelve months, I can safely say what a fantastic group of people we have working at the club. To my Managers/Supervisors, thank you for stepping up and enforcing all the daily Covid changes that needed to be adhered to, as frustrating as it has been, you have welcomed everyone into the club with a smile on your face, so thank you.

To our Head Green Keeper and his 2IC, your dedication to your role shows in the product that you supply to our members week in and week out. The feedback from members and visitors on the quality of the club's greens are second to none, so for that I thank you both.

To Bill and Coral. Firstly, Bill I would like to thank you for my appointment and your ongoing support over the past twelve months. As I understand your reasons for stepping down, I hope that I am able to exceed your expectations that you had for the club. Coral, what a pleasure it has been to have your direction once Bill stepped down, your community mindfulness for the club and Pottsville community shows us how lucky we are to have you as our Chairman.

To the rest of the board, I would like to thank you for all your hard work; from helping sign in members at reception, Covid Marshall duties during busy periods, helping with member BBQ's and project managing our new upgrades. Helping in these ways has allowed the club to achieve the results it has posted for the 2021 financial year.

To our volunteers who helped the club during Covid restrictions and more recently with the club upgrades, your ongoing commitment has been invaluable and shows what a supportive community we have here in Pottsville.

And lastly to our members, thank you for your support, patience and understanding. Your continued patronage is the fundamental backbone of our club, so thank you to each and every one of you.

Let's be positive, stay safe and look forward to a Covid-normal 2022.



RYAN CLARKE
General Manager

DIRECTOR'S REPORT

30 June 2021

The directors present their report on Pottsville District Bowls and Sports Club Limited for the financial year ended 30 June 2021.

Information on Directors

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

Michael Mills

Qualifications Retired
 Experience Club Manager Tweed Heads Bowls Club
 Appointed 27 October 2019
 Special responsibilities Finance/Building Committee

Coral Nathan

Qualifications Retired
 Experience Custom Credit; Branch Control Officer (Finance); held QLD Liquor Licence 1994-1999 (Hotel Charleville)
 Appointed 26 October 2014
 Special responsibilities WH&S/Disciplinary Committee

Lucille Downward

Qualifications Physiotherapist
 Experience Physiotherapist practice 16 years. Treasurer Playtime Preschool. Treasurer Broken Hill Hockey
 Appointed 28 October 2012
 Special responsibilities WH&S/Disciplinary Committee

Ken Morris

Qualifications Retired
 Experience Chartered Accountant; Past treasurer and director Springwood Bowling Club
 Appointed 29 October 2017
 Special responsibilities Finance

Sue Lawrance

Qualifications Retired
 Experience Registered Nurse; Former Secretary of Pottsville Women's Bowls Club;
 Current President of Pottsville Women's Bowls Club
 Appointed 28 October 2018
 Special responsibilities Finance

Carl Roberts

Qualifications Graduate Certificate in Business Administration Swinburne University, OHS Representative, Mates in Construction, Safety incident investigation, Construction White card
 Experience 10 years managing the maintenance facility for SEQ Waters South Region. 8 million dollar budget. 10 years in the role of Customer Service Manager and Operations Manager for SunWater.
 Appointed 15 November 2020
 Special responsibilities Finance/Building Committee

Grant Lavender

Qualifications Retired
 Experience Senior Project officer with NSW Health. Justice of the Peace NSW. Volunteer Fireman Tweed Coast Rural Fire Service. Current Director at Pottsville Beach Sports
 Appointed 15 November 2020
 Special responsibilities Building/Gaming Committee

DIRECTOR'S REPORT

30 June 2021

The directors present their report on Pottsville District Bowls and Sports Club Limited for the financial year ended 30 June 2021.

Information on Directors

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

Steven McDougall

Qualifications	Bachelor of Applied Science (Mathematics) 1998 Darling Downs Institute of Advanced Education
Experience	August 1989-93 Information Technology Officer ACT Government. September 1993-1998 Senior Information Technology Officer Department of Immigration and Multicultural Affairs. July 1998-2001 Senior Consultant/Principal Consultant Indus International (ERP Software). September 2001-2006 Principal Consultant Mincom Ltd (ERP Software). August 2006 – Current Chief Engineer RiskPoynt Ltd (Risk management software)
Appointed	15 November 2020
Special responsibilities	Board Governance

Andrew Browne

Qualifications	Cert. Teaching, DIP, Teaching, Grad Dip Ed.Studs Experience 5 years Director Albion Park RSL 1993-97. 5 years Director, Pottsville Sports Club 2014-19. Current Jrn Vice Chairman Pottsville Beach Sports. Justice of Peace, Assistant Principal at Kingscliff Primary School
Appointed	27 March 2021
Special responsibilities	Board Governance and Disciplinary committee

William Brodie

Qualifications	Retired
Experience	Executive/Coles Myer Group, 1990 Cert/Management Monash Uni
Resigned	30 January 2021

Philip Bennett

Qualifications	Retired
Experience	Train driver; Past director Springwood Bowling Club
Resigned	15 November 2020

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 Pottsville District Bowls and Sports Club Limited during the financial year was that of a Licensed Bowls and Sports Club. No significant changes in the nature of the Company's activity occurred during the financial year.

Short and Long term objectives

The short term strategy for the Club is to continue to work towards reducing current debt levels within a reasonable time frame whilst maintaining facilities and amenities that service the needs of our diverse membership and local community. To improve our gaming facilities within the club. The Club will continue to promote and support local sporting organisations and social activities and ensure we continue to maximise the clubs exposure and involvement within our community.

The long term strategic objective of Pottsville Beach Sports Club is to conduct its business in a sound and responsible manner ensuring continued relevance to the membership and community and providing facilities and amenities that improve the financial and future viability of the Club. This commitment also includes a focus on becoming a pivotal part of the local community and continuing to offer first class bowling greens and facilities for our members.

Strategy for achieving the objectives

The primary strategies to achieve the Club's objectives are through sound financial management and the use of other business tools to ensure plans, budgets and cash flow projections are current and relevant. The business activities are managed in a pro-active manner to ensure that the goals, objectives and business strategies are achieved. The Board of Directors are actively involved in all aspects of planning for the Club and the Board of Directors and Management will continue to work together to ensure we create a solid position our Club for the future.

DIRECTOR'S REPORT

30 June 2021

Members' guarantee

Pottsville District Bowls and Sports Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person who ceased to be a member in the year prior to the winding up, is limited to \$20, subject to the provisions of the company's constitution.

At 30 June 2021 the collective liability of members was \$77,380 (2020: \$78,440).

Significant changes in state of affairs

The continuing issues relating to the COVID-19 virus have significantly affected the Company's operations.

Future developments and results

The ongoing disruptions caused by the COVID-19 virus will continue to have an effect on the operations of the Company and future financial results. The ongoing effects are unknown as at the date of this financial report.

Meetings of directors

During the financial year, 11 meetings of directors and 2 special meetings were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Special Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
William Brodie	7	7	1	1
Philip Bennett	4	3	1	1
Michael Mills	11	11	2	2
Coral Nathan	11	11	2	2
Lucille Downward	11	10	2	1
Ken Morris	11	11	2	2
Sue Lawrance	11	10	2	2
Carl Roberts	8	7	1	1
Steven McDougall	8	8	1	1
Grant Lavender	8	8	1	1
Andrew Browne	3	3	1	1

Auditor's independence declaration

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

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

Director: _____

Coral Nathan

Pottsville

Dates 25 September 2021



Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Pottsville District Bowls and Sports Club Limited

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

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

KOTHES
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Simon Byrne', is written over a horizontal line.

Simon Byrne
Partner
Registered Company Auditor # 153624
25 September 2021



CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND
Liability limited by a scheme
approved under Professional
Standards Legislation

DIRECTORS
Simon Byme
Fiona Dunham
Gary Pearce
Kevin Philistin
Gary Skelton

BEGA
MERIMBULA
EDEN
BOMBALA
BERMAGUI
COOMA
JINDABYNE

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Kothes Chartered Accountants
ABN 36 472 755 795

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Sales revenue	4	1,175,269	1,044,746
Cost of sales		(437,442)	(411,642)
Gross profit		737,827	633,104
Finance income		-	511
Other operating income	4	198,362	284,181
Lease income - Kitchen		38,774	28,334
Poker machine income	4	1,271,799	1,044,281
Other revenue	4	185,918	191,279
Employee benefits expense		(843,846)	(880,583)
Administrative and operating expenses		(645,855)	(701,533)
Depreciation expense		(166,387)	(164,460)
Finance expenses - interest on bank and other loans		(39,644)	(51,375)
Marketing expenses		(92,348)	(113,359)
Poker machine expenses		(128,468)	(83,473)
Sub Club expenses		(7,562)	(80,996)
Other expenses		(22,356)	(108,675)
Surplus / (Deficit) before income tax		486,214	(2,764)
Income tax expense	2(b)	-	-
Surplus / (Deficit) from continuing operations		486,214	(2,764)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		486,214	(2,764)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	645,420	346,312
Trade and other receivables	7	32,169	64,498
Inventories - stock on hand		24,055	30,283
Other financial assets - Shares in credit union		10	10
Other assets - prepayments		2,991	10,499
TOTAL CURRENT ASSETS		704,645	451,602
NON-CURRENT ASSETS			
Property, plant and equipment	8	4,349,866	4,073,575
Intangible assets	9	98,919	98,919
TOTAL NON-CURRENT ASSETS		4,448,785	4,172,494
TOTAL ASSETS		5,153,430	4,624,096
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	308,410	181,642
Borrowings	11	11,451	1,220,045
Employee benefits	12	58,115	61,319
Provision for poker machine jackpots		40,374	25,231
Subscriptions received in advance		-	14,599
TOTAL CURRENT LIABILITIES		418,350	1,502,836
NON-CURRENT LIABILITIES			
Trade and other payables	10	215,569	-
Borrowings	11	977,550	45,276
Employee benefits	12	-	20,237
TOTAL NON-CURRENT LIABILITIES		1,193,119	65,513
TOTAL LIABILITIES		1,611,469	1,568,349
NET ASSETS		3,541,961	3,055,747
EQUITY			
Reserves		1,633,965	1,633,965
Retained earnings		1,907,996	1,421,782
TOTAL EQUITY		3,541,961	3,055,747

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2021

2021

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2020	1,421,782	1,633,965	3,055,747
Operating result for the year	486,214	-	486,214
Balance at 30 June 2021	<u>1,907,996</u>	<u>1,633,965</u>	<u>3,541,961</u>

2020

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2019	1,424,546	1,633,965	3,058,511
Operating result for the year	(2,764)	-	(2,764)
Balance at 30 June 2020	<u>1,421,782</u>	<u>1,633,965</u>	<u>3,055,747</u>

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	3,158,772	2,489,627
Payments to suppliers and employees	(2,471,507)	(2,400,924)
Interest received	-	511
Finance costs	(39,644)	(51,375)
Net cash provided by/(used in) operating activities	<u>647,621</u>	<u>37,839</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	28,273
Proceeds from sale of poker machine entitlements	-	90,000
Purchase of property, plant and equipment **	(72,193)	(137,547)
Net cash provided by/(used in) investing activities	<u>(72,193)</u>	<u>(19,274)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	69,457
Repayment of borrowings	(276,320)	(30,718)
Net cash provided by/(used in) financing activities	<u>(276,320)</u>	<u>38,739</u>
Net increase/(decrease) in cash and cash equivalents held	299,108	57,304
Cash and cash equivalents at beginning of year	<u>346,312</u>	<u>289,008</u>
Cash and cash equivalents at end of financial year	6 <u>645,420</u>	<u>346,312</u>

** Excludes assets purchased by poker machine liability agreements of \$377,712 (total asset purchases \$449,905).

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

The financial report covers Pottsville District Bowls and Sports Club Limited as an individual entity. Pottsville District Bowls and Sports Club Limited is a Not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Pottsville District Bowls and Sports Club Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 25 September 2021.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

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

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

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Sales and services revenue

Sale revenue includes bar sales, poker machine income, keno income and TAB income. All of the services and goods for these revenue items are provided to customers at the time of the sale and income is accounted for at that time. If deposits are held for any of these revenue items a liability is booked until the service or goods have been provided to the customer and then as income.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(b) Income Tax

The Company is a Not-For-Profit entity with a main objective of providing facilities for bowls and other sporting activities and to encourage the game of bowls and other sporting activities. The Board has reviewed its income tax status and have assessed the Company to be exempt from income tax under section 50-45 of the Income Tax Assessment Act, 1997 (Cth). Consequently, no provision for taxation has been made in the financial statements.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Volunteer services

No amounts are included in the financial statements for services donated by volunteers.

(e) Inventories

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

(f) Property, plant and equipment

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

Items of property, plant and equipment acquired for significantly less than fair value have been recorded at the acquisition date fair value.

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

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5 - 10%
Plant and Equipment	2.5 - 40%
Poker machines	20%
Motor Vehicles	18.75%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Financial instruments

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

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

Financial assets

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

Classification

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

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

Amortised cost

Assets measured at amortised cost are financial assets where:

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

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

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

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information. The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

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

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

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default. The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance. Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the Company comprise trade payables, bank and other loans.

(h) Intangible assets

Poker Machine Entitlements

Poker machine entitlements are recognised at cost. They have an indefinite life and no amortisation has been calculated.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(j) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(k) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. The Clubs real property at Pottsville is shown at a valuation completed in 2014 and adopted by the Board on 30 June 2014.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

4 Revenue and Other Income

Revenue from continuing operations

	2021	2020
	\$	\$
Revenue from contracts with customers (AASB 15)		
- Sales revenue - Bar sales	1,175,269	1,044,746
- Poker machine income	1,271,799	1,044,281
- Other operating income		
- Bingo income	14,544	11,001
- Green fees	9,296	41,848
- Member subscriptions	24,175	13,310
- Keno commissions	42,646	41,092
- TAB commissions	17,523	14,373
- Commissions - other	19,906	25,228
- Raffle income	48,239	47,072
- Sub-Club income	15,904	59,662
- Sundry income	6,129	30,595
	<u>198,362</u>	<u>284,181</u>
	<u>2,645,430</u>	<u>2,373,208</u>
Revenue recognised on receipt (not enforceable or no sufficiently specific performance obligations - AASB 1058)		
- JobKeeper income	126,000	108,000
- ATO Cash Flow Boost income	37,500	62,500
- Grants - COVID NSW	13,000	-
- Donations	9,418	675
- Insurance claims	-	20,104
	<u>185,918</u>	<u>191,279</u>
Total Revenue	<u>2,831,348</u>	<u>2,564,487</u>

5 Result for the Year

The result for the year includes the following significant expenses:

Net loss on disposal of property, plant and equipment	7,227	10,114
Loss on sale of poker machine entitlements	-	58,379
- Cleaning & waste removal	90,144	73,588
- Electricity & gas	79,171	74,606
- Entertainment expenses	18,433	85,584
- Insurance	76,522	59,900
- Repairs and maintenance	74,560	72,077

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

6 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	<u>645,420</u>	<u>346,312</u>

7 Trade and other receivables

CURRENT		
Trade receivables	5,353	-
Accrued income	11,819	61,601
Other debtors	<u>14,997</u>	<u>2,897</u>
Total current trade and other receivables	<u>32,169</u>	<u>64,498</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Property, plant and equipment

LAND AND BUILDINGS

Freehold land - Core Property		
At fair value	<u>2,275,000</u>	2,275,000
Buildings - Core Property		
At fair value	1,049,000	1,049,000
At cost -additions since valuation	285,701	258,748
Accumulated depreciation	<u>(199,081)</u>	<u>(168,313)</u>
Total buildings	<u>1,135,620</u>	1,139,435
Total land and buildings	<u>3,410,620</u>	3,414,435
Plant and equipment		
At cost	2,267,651	1,960,383
Accumulated depreciation	<u>(1,371,215)</u>	<u>(1,358,323)</u>
Total plant and equipment	<u>896,436</u>	602,060
Motor vehicles		
At cost	63,665	63,665
Accumulated depreciation	<u>(20,855)</u>	<u>(6,585)</u>
Total motor vehicles	<u>42,810</u>	57,080
Total property, plant and equipment	<u>4,349,866</u>	<u>4,073,575</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

8 Property, plant and equipment

(a) 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 \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Year ended 30 June 2021					
Balance at the beginning of year	2,275,000	1,139,435	602,060	57,080	4,073,575
Additions	-	26,953	422,952	-	449,905
Disposals	-	-	(7,227)	-	(7,227)
Depreciation expense	-	(30,768)	(121,349)	(14,270)	(166,387)
Balance at the end of the year	2,275,000	1,135,620	896,436	42,810	4,349,866

(b) Land and Buildings and Core Property as per the Registered Clubs Act

An independent valuation of the land and buildings was conducted on 22 January 2014 by Terry O'Rourke who is a certified practising valuer. The valuation at that date was \$3,324,000 and the directors adopted that valuation as at 30 June 2014. An insurance valuation was conducted in May 2021 and the amounts per this valuation were above the book value for buildings booked as at 30 June 2021.

All land and buildings of the Company is considered Core Property as per the Registered Clubs Act.

9 Intangible Assets

	2021 \$	2020 \$
Poker Machine Entitlements - at cost	<u>98,919</u>	<u>98,919</u>

Gaming Machine Entitlements

The *Gaming Machine Act 2001* has created gaming entitlements for the Club that have a tradeable value. The Club has 41 gaming entitlements. The carrying value of intangible assets represents 4 entitlements which were acquired for consideration. The remaining 37 entitlements had no cost and have not been brought to account.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

10 Trade and Other Payables

	2021	2020
	\$	\$
CURRENT		
Trade payables	61,295	44,606
GST payable	37,059	11,902
Sundry payables and accrued expenses	67,481	66,764
Poker machine liabilities	138,495	50,305
Sundry creditors	4,080	8,065
	<u>308,410</u>	<u>181,642</u>
NON-CURRENT		
Poker machine liabilities	<u>215,569</u>	-

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Poker machine liabilities

This liability is for purchases of poker machines payable over a 3 year period. The liability is non-interest bearing. The assets associated with this liability are included in Fixed Assets in Note 8 to the financial statements. The book value amount of these assets is above the liability booked above. The security for this liability is the poker machines purchased through this agreement.

11 Borrowings

CURRENT		
Secured liabilities:		
Bank loan **	-	1,206,438
Equipment loan	11,451	13,607
Total current borrowings	<u>11,451</u>	<u>1,220,045</u>
NON-CURRENT		
Secured liabilities:		
Bank loan **	938,320	-
Equipment loan	39,230	45,276
Total non-current borrowings	<u>977,550</u>	<u>45,276</u>
Total borrowings	<u>989,001</u>	<u>1,265,321</u>

** As the bank loan facility now in place to January 2026 with no principal repayments due until then the bank loan has been transferred to non-current liabilities in the 2021 financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

11 Borrowings

Financing facilities

The financing facilities available to the Club from the Commonwealth Bank are for a bank loan of \$1,200,000. Additionally, the Company has access to a business card facility of \$30,000. The bank loan facility is in place to January 2026.

The bank debt is secured by a registered first mortgage over property owned by the Company at Lot 479 Coast Road, Pottsville, NSW, 2489 and first ranking charge over all present and after acquired property.

Equipment loan

The equipment loan is secured by the asset financed (motor vehicle). As at 30 June 2021 there was one loan in place repayable over a 5 year term ending in 2025.

12 Employee Benefits

	2021	2020
	\$	\$
Current liabilities		
Provision for annual leave	36,944	50,786
Provision for long service leave	21,171	10,533
	<u>58,115</u>	<u>61,319</u>
Non-current liabilities		
Long service leave	-	20,237

13 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstandings and obligations of the Company. At 30 June 2021 the number of members was 3,869 (2020: 3,922).

14 Key Management Personnel Remuneration

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. The Company is run by the Board of Directors. All major business decisions are made by the Board. The day to day business of the Company is run by the employees of the Company. As all major business decisions are made by the Board, no key management personnel disclosures are deemed appropriate.

15 Fair Value Measurement

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

- Property, plant and equipment
 - Land
 - Buildings

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

16 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020: None).

17 Related Parties

(a) The Company's main related parties are as follows:

Key management personnel - refer to Note 14.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. All transactions made by the directors with the Club are under the same terms and conditions applying to members and other patrons generally.

18 Events after the end of the Reporting Period

The financial report was authorised for issue on 25 September 2021 by the Board of Directors.

The ongoing disruptions caused by the COVID-19 virus will continue to have an effect on the operations of the Company and future financial results. The ongoing effects are unknown as at the date of this financial report.

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

19 Statutory Information

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

Pottsville District Bowls and Sports Club Limited
 Lot 479 Coast Road
 POTTSVILLE BEACH NSW 2489

20 Special Interest Groups (Sub Clubs)

The net results from the operations of the Pottsville Pirates and Men's & Women's Bowls Clubs have been included in the operating results of the company for the year. The results achieved by each Club are as follows:

	2021	2020
	\$	\$
Net Result		
Men's Bowls Club	4,219	1,189
Women's Bowls Club	(4,461)	101
Pottsville Pirates	1,199	(1,077)
Total	957	213

DIRECTOR'S DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 25, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director:  _____
Coral Nathan

Pottsville

Dated 25 September 2021



Independent Audit Report to the members of Pottsville District Bowls and Sports Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pottsville District Bowls and Sports Club Limited (the Company), which comprises the statement of financial position as at 30 June 2021, 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, and 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 Company 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 2021 and of its financial performance for the year 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 (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 opinion.

Emphasis of Matter

The restrictions relating to the COVID-19 virus since 23 March 2020 have had a significant effect on the Company's operations. The financial results for the financial year ended 30 June 2021 have been significantly affected by "one off" items including JobKeeper income and ATO Cash Flow Boost income. The ongoing financial effect of the COVID-19 virus is unknown and if needed it is not known whether government backing would continue as it has in 2020-2021. The financial report has been prepared on the basis that the company is a going concern however due to the uncertainty of the effects of the ongoing COVID-19 virus disruptions the future financial viability of the company may be significantly affected.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the annual report, (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 on the other information obtained prior to the date of this auditor's report, 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.



DIRECTORS
Simon Byrne
Fiona Dunham
Gary Pearce
Kevin Philistin
Gary Skelton

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Independent Audit Report to the members of Pottsville District Bowls and Sports Club Limited

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

KOTHES
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Simon Byrne', written over a horizontal line.

Simon Byrne
Partner
Registered Company Auditor # 153624
25 September 2021