

Scotts Head Bowling and Recreation Club Ltd.

Trading as “CLUB SCOTTS”

ABN 85 001 056 775



ANNUAL REPORT AND FINANCIAL STATEMENT

YEAR ENDED 30th JUNE, 2020

The Annual General Meeting will be held on Sunday **25th October 2020**, at 9:30am at the Clubhouse, 26 West Street, Scotts Head

NOTICE TO MEMBERS

Please be advised that the Club's full report for the financial year ending 30 June 2020, being:

- (i) The Financial Report
- (ii) The Directors' Report; and
- (iii) The Auditors' Report

will be available on the Club's website at www.clubscotts.com.au/ Membership/Reports & Forms. Select the appropriate link.

I also advise that our members are able to receive a hard copy of the report by printing the downloaded report from our website, or by contacting the Club and requesting a copy to be mailed out, or collecting a copy from the Club reception.

SPECIAL NOTE:

If you have any questions regarding the Annual Report or Financial Statements for query at the Annual General Meeting, please hand them in writing to the Club Secretary, M. Hawkins, by Sunday 18 October 2020 to enable correct information to be given in reply. This is accepted practice.

M. Hawkins
CEO

SCOTTS HEAD BOWLING AND RECREATION CLUB LTD.



BOARD OF DIRECTORS

As at 30th June, 2020

Chairman:
V. Barbour

Deputy Chairman:
N. Evelyn

Directors
V. Mankin, N. Hmelnitsky, Denis Declauzel, Laura Peisley, Joanne Deveraux

CLUB SECRETARY

M. Hawkins

LIFE MEMBERS

J. Beaton (deceased), C. Lynch (deceased), G. Marshall (deceased),
F. Gosson (deceased)
K. Skaines (deceased), G. Bonser, B. Lightfoot (deceased)
S. Whatmough, Nat Hardge (deceased), J. Bonser, B. Budge (deceased)

PATRONS

F. Gosson (deceased)
J. Beaton (deceased)
V. Mankin
I. Scrivener

ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Scotts Head Bowling and Recreation Club Ltd will be held in the Clubhouse on Sunday 25th October 2020 at 9:30am

AGENDA

1. Confirmation of Minutes of the Annual General Meeting held on the 27 October 2019 at 9:30 am
2. To receive and adopt the following documents covering the Club's activities for the year ended 30 June 2020.
 - a) The Directors' Report
 - b) The Statement of Comprehensive Income and Statement of Financial Position
 - c) The Auditors' Report

3. For the purpose of the Registered Clubs Act: to consider and if thought fit, pass the following Ordinary Resolution:

Resolution:

- a) That the Members hereby approve expenditure by the Club in a sum not exceeding \$4,000 for Directors' expenses, including the Chairman's Honorarium, subject to approval by the Board of Directors
 - b) The Members acknowledge that the benefits in point (a) above are not available to members generally, but only for those Directors of the Club
4. For the purpose of the Registered Clubs Act: to consider and if thought fit, pass the following Ordinary Resolution:

Resolution:

- a) The Members hereby approve expenditure by the Club in a sum not exceeding \$10,000 for professional development and education of Directors over the following twelve (12) months, including:
 - i) The reasonable cost of Directors attending the Clubs NSW Association Annual General Meeting
 - ii) The reasonable cost of Directors attending compulsory Director training, seminars, lectures and trade displays, organized study tours, fact finding tours and similar events as may be determined by the Board from time to time
 - iii) The reasonable cost of Directors attending other Clubs for the purpose of observing their facilities and methods of operation.
5. For the purpose of the Registered Clubs Act: to consider and if thought fit, pass the following Ordinary Resolution:
 - a) The Members hereby approve expenditure by the Club in a sum not exceeding \$20,000 over the following twelve (12) months for the following expenses subject to approval by the Board of Directors.
 - i) Expenses involved in subsidies if Intra Clubs, Presentations to Members or other persons acknowledging services deemed by the Directors as being of benefit to the Club and/or the community and sponsorship of sporting events and sports persons deemed by the Directors to be of benefit to the Club and/or the community.

b) The Members acknowledge that the benefits in point (a) directly above are not available to Members generally, but only for those Directors of the Club and those Members directly involved in the above activities.

6. To Consider and if thought fit pass the Ordinary Resolution to elect Victor Mankin (Membership no 486) and Irvine (Bart) Scrivener (Membership no 436) as life members of the club.

a) Life MEMBERSHIP RESOLUTION:

That Victor Mankin (membership no 486) and Irvine (Bart) Scrivener (membership no 436) be elected as life members of Scotts Head Bowling and Recreation Club Ltd trading as Club Scotts.

Under 12(c) of the Clubs Constitution this resolution is passed as an ordinary resolution and for this resolution to be passed it requires a majority more than 50% of those members present and voting. Financial Full Club Members and Life Members (who were previously Full Club Members when elected to Life Members) are entitled to vote on the Life Membership Resolution.

7. Election of Patrons

8. Auditor: The Auditors continue in office in accordance with the provisions of the Corporations Act

9. Business, which may be brought forward in conformity with the rules of the Club

10. Election of Executive and Directors

By Order of the Board

M. Hawkins
Secretary

29 September 2020
SCOTTS HEAD NSW

WOMEN'S BOWLING CLUB PRESIDENT'S REPORT

This year has been like no other. We started off well hosting our 60th Birthday in February which was a great success, even after the late withdrawal of the State President. A good time was had by all.

After that things went pear shaped due to Covid-19. With Clubs closed bowls was thrown into disarray.

As of this date no Championships have been held. For the first time since its inception there was no carnival this year. Who knows what the future holds during these uncertain times?

I would like to thank my Committee and all bowlers for their continued support. Club Scotts CEO Michael Hawkins and Office Manager Sue Stride for all their help. The Men's Bowling Club for their support. Bistro 26 for great food, thanks Gavin and Tamara and of course our wonderful Green Keeper Gary Witte for perfect greens.

For those who have suffered ill health a speedy recovery and those who have lost loved ones my deepest sympathy.

Janine Budge

MEN'S BOWLING CLUB PRESIDENT'S REPORT

This report would be like many other reports by sporting clubs across Australia.

A year affected by COVID.

Our pennant season was postponed then cancelled in March. When the club closed in late March all bowling was suspended.

Thanks to Michael Hawkins for letting us return to bowls (with restrictions) in early May while the club was closed.

Also many thanks to Gary Witte for keeping the greens in great condition during the closedown. On behalf of our members, many thanks to you both.

At the time of writing we are back to bowling under near normal conditions.

Our Major and Minor singles have been completed. Congratulations to Gary Bishop winner and Hagop Aladadjian runner-up Majors and Gary Dalwitz winner and Colin Moore runner-up Minors.

Our Fours were completed earlier in the year. Congratulations to Gary Dalwitz, Gary Bishop, Victor Mankin, Wayne Harris winners and Dave Dickson, Brent Liddell, Colin Moore, Paul Martin runners-up. In District events congratulations to Gary Dalwitz for making the semifinals of the Presidents Reserve Singles.

Welcome to our new women members. NSW men's bowls is now open gender.

Thanks to the executive and committee for all their efforts this year, let's hope for better things next year.

Dave Dickson

Scotts Head Bowling and Recreation Club Ltd

85 001 056 775

Directors Report

For the Year Ended 30 June 2020

Your directors present their report on Scotts Head Bowling and Recreation Club Ltd for the financial year ended 30 June 2020

Information on directors

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

Vanessa Barbour

Qualifications: Learning Support Officer

Experience: Previous Director

Responsibilities: Chairman

Nathan Evelyn

Qualifications: Van Park Manager

Experience: Previous Director

Responsibilities: Deputy Chairman

Victor Mankin

Qualifications: Business Owner

Experience: Previous Director

Naomi Hmelnitsky

Qualifications: Postal Officer

Experience: Previous Director

Denis Declauzel

Qualifications: Harness Racing Administrator

Experience: Previous Director

Laura Peisley

Qualifications: Teacher

Experience: Previous Director

Mark Coleman

Qualifications: Horticulturist

Experience: Previous Director

Resigned: 18 December 2019

Joanne Deveraux

Qualifications: Retail Assistant

Appointed: 29 October 2019

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

Scotts Head Bowling and Recreation Club Ltd

85 001 056 775

Directors Report

For the Year Ended 30 June 2020

Principal activities

The principal activity of Scotts Head Bowling and Recreation Club Ltd during the financial year was as a Registered Sporting and Recreation Club.

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

Objectives

The company's short term and long-term objectives focus on:

- The delivery and development of profitable, desirable facilities and services to members and guests; and
- The growth and development of the profitability of the Club's operating areas and sub clubs; and
- The growth of membership and the number of guests.

Strategy for achieving the objectives

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

- Grow the existing business and increase revenue on operating activities whilst controlling and minimising related expenses; and
- Defend market share by investing in appropriate technology available within expenditure constraints; and
- Monitor cash flows to enable funding of forecast business activity and plans; and
- Enable staff to maintain up to date capabilities and qualifications.

Performance measures

The following measures are regularly used within the company to monitor performance:

- The level of commercial activity of the key operating areas and sub clubs; and
- The level of surplus/loss generated by each of the key operating areas and sub clubs;
- EBITDA and Working Capital, Solvency and Liquidity ratios; and
- The improvement to Club facilities and services.

Members Guarantee

Scotts Head Bowling and Recreation Club Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up is limited to \$2, subject to the provisions of the company's constitution.

At 30 June 2019 the collective liability of members was \$2,202 (2019: \$2,096).

Property Classification

In accordance with the Registered Club's Amendment Regulations 2007, the Board has previously determined that the Club's entire property is considered core property, as defined in the relevant Acts and Regulations.

Scotts Head Bowling and Recreation Club Ltd

85 001 056 775

Contents

For the Year Ended 30 June 2020

Meetings of directors

During the financial year, 11 meetings of directors were held (including special meetings).

Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Vanessa Barbour	11	11
Nathan Evelyn	11	10
Victor Mankin	11	10
Naomi Hmelnitsky	11	8
Denis Declauzel	11	11
Laura Peisley	11	11
Mark Coleman	5	5
Joanne Deveraux	7	5

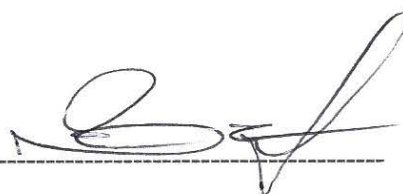
Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 has been received and can be found on page 10 of the financial report.

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



Vanessa Barbour
Chairman



Nathan Evelyn
Deputy Chairman

Dated 29 September 2020



Auditors Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Scotts Head Bowling and Recreation Club Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, 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.

HLV Audit Pty Ltd

Aart Hooykaas, Director

Nambucca Heads, NSW

29 September 2020

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Liability limited by a Scheme approved under Professional Standards Legislation.

Scotts Head Bowling and Recreation Club Ltd

85 001 056 775

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
Income		
Bar Revenue	701,873	898,042
Bistro Revenue	499,292	591,946
Poker Machine Revenue	325,308	477,898
Keno Revenue	17,717	23,955
Commission	21,805	33,049
Sub-Club Revenue	33,569	41,272
Green Fees	15,444	23,911
Member Subscriptions	11,379	11,181
Raffles & Bingo	49,827	60,973
Gaming Tax Rebate	17,180	17,180
Other income	16,648	4,265
ATO Cashflow Boost	100,000	-
Jobkeeper Wage Subsidy	96,000	-
Total Income	1,906,042	2,183,672
Expenses		
Cost of Goods Sold - Bar	(300,599)	(386,194)
Cost of Goods Sold - Bistro	(246,538)	(289,566)
Employee benefits expense	(754,770)	(826,081)
Finance costs	(5,776)	(6,130)
Depreciation and amortisation expense	(124,609)	(114,299)
Repairs & Maintenance	(78,894)	(88,556)
Sub-Club Expenses	(25,576)	(30,336)
Raffle & Bingo Expenses	(54,093)	(78,055)
Entertainment & Promotions	(89,813)	(109,306)
Loss on Disposal of Asset	-	(2,534)
Other operating expenses	(253,015)	(303,566)
Total Expenses	(1,933,683)	(2,234,623)
Profit/(Loss) before income tax	(27,641)	(50,951)
Income tax expense	1(l) -	-
Profit/(Loss) for the year	(27,641)	(50,951)
Other comprehensive income for the year		
Gain on revaluation of assets	-	244,526
Total comprehensive income/(loss) for the year	(27,641)	193,575

The accompanying notes form part of these financial statements.

Scotts Head Bowling and Recreation Club Ltd

85 001 056 775

Statement of Financial Position**30 June 2020**

	2020	2019
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	104,084	149,707
Trade and other receivables	2 93,995	23,429
Inventories	3 25,455	45,167
Other assets	4 4,042	-
TOTAL CURRENT ASSETS	<u>227,576</u>	<u>218,303</u>
NON-CURRENT ASSETS		
Other financial assets	55	55
Property, plant and equipment	5 1,841,191	1,909,680
TOTAL NON-CURRENT ASSETS	<u>1,841,246</u>	<u>1,909,735</u>
TOTAL ASSETS	<u><u>2,068,822</u></u>	<u><u>2,128,038</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	6 223,710	221,546
Borrowings	7 -	81,598
Lease liabilities	8 75,729	-
Employee benefits	9 15,400	13,950
Deferred income	10 536	2,091
TOTAL CURRENT LIABILITIES	<u>315,375</u>	<u>319,185</u>
NON-CURRENT LIABILITIES		
Borrowings	-	70,842
Lease liabilities	8 41,023	-
Employee benefits	9 10,718	8,664
TOTAL NON-CURRENT LIABILITIES	<u>51,741</u>	<u>79,506</u>
TOTAL LIABILITIES	<u>367,116</u>	<u>398,691</u>
NET ASSETS	<u><u>1,701,706</u></u>	<u><u>1,729,347</u></u>
EQUITY		
Reserves	17 1,167,473	1,167,473
Retained earnings	<u>534,233</u>	<u>561,874</u>
TOTAL EQUITY	<u><u>1,701,706</u></u>	<u><u>1,729,347</u></u>

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2019	561,874	1,167,473	1,729,347
Profit/ (Loss) for the year	(27,641)	-	(27,641)
Balance at 30 June 2020	534,233	1,167,473	1,701,706

2019

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2018	612,825	922,947	1,535,772
Profit/ (Loss) for the year	(50,951)	-	(50,951)
Revaluation increase	-	244,526	244,526
Balance at 30 June 2019	561,874	1,167,473	1,729,347

The accompanying notes form part of these financial statements.

Scotts Head Bowling and Recreation Club Ltd

85 001 056 775

Statement of Cash Flows

30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,983,872	2,391,707
Payments to suppliers and employees	(1,927,411)	(2,309,696)
Interest paid	(5,776)	(6,129)
Net cash provided by / (used in) operating activities	11 <u>50,685</u>	<u>75,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(23,511)</u>	(43,996)
Net cash used in investing activities	<u>(23,511)</u>	(43,996)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of borrowings	(1,760)	(19,804)
Payment of finance leases (AASB 117)	-	(78,110)
Payment of lease liabilities (AASB 16)	<u>(71,037)</u>	-
Net cash used in financing activities	<u>(72,797)</u>	(97,914)
Net increase/(decrease) in cash and cash equivalents held	(45,623)	(66,028)
Cash and cash equivalents at beginning of year	<u>149,707</u>	215,735
Cash and cash equivalents at end of financial year	<u>104,084</u>	<u>149,707</u>

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

Scotts Head Bowling and Recreation Club Ltd

85 001 056 775

Notes to the Financial Statements

For the Year Ended 30 June 2020

The financial report covers Scotts Head Bowling and Recreation Club Ltd as an individual entity. Scotts Head Bowling and Recreation Club Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The principle activities of the Company for the year ended 30 June 2020 were operating as a Registered Club.

The functional and presentation currency of Scotts Head Bowling and Recreation Club Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 29 September 2020.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

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

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

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

(b) Going concern

The financial report has been prepared on the going concern basis.

The Company's ability to continue as a going concern is dependent on a number of factors including the ability of the company to perform in line with budgets and cash flow projections. The Company is currently reviewing their operations to determine any possible cost efficiencies and alternative trading operations as they manage a return to trade under strict social distancing and COVID-19 health restrictions. Further government imposed forced closures in respect of COVID-19 or trading figures significantly below forecasts may cast material uncertainty on the entity as a going concern.

When preparing these forecasts, the directors considered the following: the continued receipt of the JobKeeper wage subsidy, receipt of the additional payments for the Cash Flow Boost for Employers, the positive impact that the Contract Caterers will offer the Club's cashflow reducing expenses and the ability to draw on the existing Line of Credit Facility if needed (up to \$50,000).

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(c) Comparative figures

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

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

(f) Property, plant and equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations by external independent valuers, less subsequent depreciation for buildings.

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against this reserve directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income.

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

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

Class of Fixed Asset	Depreciation Rate
Buildings	4%
Plant and Equipment	10% - 33.3%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(g) Leases and Right of Use Assets

For the current year

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

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.

Right-of-use asset

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term on the balance sheet. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined, the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based or a change in the Company's assessment of lease term. Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Adoption of short-term leases or low value asset exception

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 2020

1 Summary of Significant Accounting Policies

(h) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset.

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

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (d) less any reduction for impairment

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derecognition

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

(i) Impairment of non-financial assets

At the end of each reporting year, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(j) Trade and other payables

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

(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 year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year 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 not satisfy vesting requirements. The effect of discounting is not considered material and therefore has not been performed.

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

(l) Income tax

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

(m) Revenue and other income

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

Specific revenue streams

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

Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

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

Rendering of services

Revenue in relation to rendering of services is recognised upon delivery of the service to customers.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight-line basis over the period of membership.

Government subsidies and grants

Subsidies received through Government initiatives are recognised when they are certain of being received.

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

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(o) 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 - provisions for employee benefits

As outlined in note 1(k), 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 expected to be wholly settled within one year are recognised as current liabilities and have been measured at 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 are recognised as non-current liabilities.

In determining the liability, consideration is given to expected employee wage increases and the probability that the employee may satisfy vesting requirements. The effect of discounting is not considered material and therefore has not been performed. Changes in the measurement of the liability are recognised in the profit or loss.

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. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

Key Estimates - cashflow forecasts for going concern

Management and the board have prepared cash flow forecasts to support their assessment for the Club's ability to continue as a going concern. In preparing these cashflow projections, the Club has considered various scenarios as the effect of the COVID-19 pandemic on future operations may change. These projections have been based on the information available at the time of preparation.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(p) Adoption of new and revised accounting standards

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for annual reporting periods beginning on or after 1 January 2019. The following paragraphs summarise the requirements of these standards, and their impact on the Company where the standard is relevant:

i) AASB 16 Leases

AASB 16 introduces a single, on balance sheet lease accounting model for the lessee. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items, where the lease payments are expensed in the period incurred.

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

ii) AASB 15 Revenue from Contracts with Customers

AASB 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time, or over time. The model features a contract based five step analysis of transactions to determine whether, how much, and when revenue is recognised. It replaces AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes.

The standard is not expected to have a material impact on the transactions and balances recognised in the financial statements as the Club's revenue is mainly generated from cash point of sale transactions.

The Company has adopted all standards which became effective for the first time at 30 June 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

Scotts Head Bowling and Recreation Club Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2020

2. Trade and Other Receivables

	2020	2019
	\$	\$
CURRENT		
JobKeeper & Cash Flow Boost subsidies receivable	87,500	-
Other receivables	6,495	23,429
Total trade and other receivables	93,995	23,429

3. Inventories

	2020	2019
	\$	\$
CURRENT		
At cost:		
Bar Stock	25,455	35,074
Catering Stock	-	10,093
Total Inventories	25,455	45,167

The net realisable value of the catering stock has been written down to zero at 30 June 2020 as the Bistro operations will be managed by a contract caterer effective 1 July 2020.

4 Other Assets

	2020	2019
	\$	\$
CURRENT		
Prepayments	4,042	-

Notes to the Financial Statements

For the Year Ended 30 June 2020

5 Property, Plant and Equipment

	2020	2019
	\$	\$
Land and Buildings		
Freehold land		
At directors' valuation	600,000	600,000
Total Land	<u>600,000</u>	<u>600,000</u>
Building and Greens		
At directors' valuation	1,051,700	1,050,000
Accumulated depreciation	(42,000)	-
Total buildings and greens	<u>1,009,700</u>	<u>1,050,000</u>
Total land and buildings and greens	<u>1,609,700</u>	<u>1,650,000</u>
Plant and equipment		
At cost	1,118,432	1,068,571
Accumulated depreciation	(888,216)	(810,797)
Total plant and equipment	<u>230,216</u>	<u>257,774</u>
Furniture, fixture and fittings		
At cost	110,116	110,116
Accumulated depreciation	(108,841)	(108,210)
Total furniture, fixture and fittings	<u>1,275</u>	<u>1,906</u>
Total plant and equipment	<u>231,491</u>	<u>259,680</u>
Total property, plant and equipment	<u><u>1,841,191</u></u>	<u><u>1,909,680</u></u>

The Company's land and buildings and greens were revalued at 30 June 2019 by independent valuers. The valuation resulted in a revaluation surplus of \$244,526 that has been recognised in Other Comprehensive Income in the prior year and has been accumulated in equity under the Asset Revaluation Reserve

Valuations were made on the basis of open market value in an arms-length transaction based on similar properties. The directors have reviewed the key assumptions adopted by the valuers, available sales data and valuer general information and believe that the total carrying value of the land, buildings and greens correctly reflects the fair value less cost to sell at 30 June 2020.

Notes to the Financial Statements

For the Year Ended 30 June 2020

5 Property, Plant and Equipment

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	Furniture, Fixtures and Fittings	Total
	\$	\$	\$	\$	\$
Balance at the beginning of year	600,000	1,050,000	257,774	1,906	1,909,680
Additions	-	1,700	54,420	-	56,120
Depreciation expense	-	(42,000)	(81,978)	(631)	(124,609)
Balance at 30 June 2020	600,000	1,009,700	230,216	1,275	1,841,191

6 Trade and Other Payables

	2020	2019
	\$	\$
CURRENT		
Trade payables	111,863	105,625
GST and PAYG payable	63,499	37,064
Accrued expenses	3,955	14,261
Superannuation payable	6,857	11,983
Accrued Annual Leave	37,536	52,396
Affiliation Payable	-	217
Total trade and other payables	223,710	221,546

7 Borrowings

	2020	2019
	\$	\$
CURRENT		
Bank loans	-	1,760
Finance lease liabilities		79,838
Total current borrowings	-	81,598

Notes to the Financial Statements

For the Year Ended 30 June 2020

7 Borrowings

	2020	2019
	\$	\$
NON CURRENT		
Bank loans	-	-
Finance lease liabilities		70,842
Total current borrowings	-	70,842

Summary of borrowings:

(i) A Commonwealth Bank of Australia BetterBusiness Variable rate loan for \$120,000 with a ten year term commencing in March 2013. The balance of this loan was paid in full during the year and the Commonwealth Bank has closed this facility.

(ii) An overdraft facility with a limit of \$50,000.

(iii) A corporate credit card with a limit of \$5,000

(iv) Bank guarantees totalling \$5,000.

(v) Finance lease liabilities were for the purchase of poker machines, the point of sale till system and the poker machine ticket-in ticket-out system. In the current year, these finance lease liabilities are recognised under the Lease Liabilities in the Statement of Financial Position and note 8 below in accordance with AASB 16 Leases. For those leases previously identified as finance leases, the right of use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of application. The prior period has not been restated.

8 Leases and Right of Use Assets

	2020	2019
	\$	\$
Minimum lease payments:		
- not later than one year	75,729	-
- between one year and five years	41,023	-
Minimum lease payments	116,752	-

The lease commitments as a lessee relate to the following agreements:

(i) the purchase of poker machines and their associated Type 4 licenses over a lease term of 3 years commencing in May 2018 and January 2019 with 36 minimum monthly payments of \$2,190 each.

(ii) the purchase of a poker machine and their associated Type 4 licenses over a lease term of 3 years commencing in September 2019 with 36 minimum monthly payments of \$1,034 each.

Notes to the Financial Statements

For the Year Ended 30 June 2020

8 Leases and Right of Use Assets

(iii) the purchase of Point of Sale terminals over a lease term of 5 years commencing in November 2015 with 60 minimum monthly payments of \$343.57 and the purchase of an additional terminal in January 2017 for a 5-year term with 60 minimum monthly payments of \$114.52.

(iv) the purchase of a ticket in ticket out system over a term of 2 years with 24 monthly payments of \$651.27 commencing in January 2019.

The lease liabilities are secured by the underlying right-of-use assets, which are included the property, plant and equipment amount in the statement of financial position and note 5 of these financial statements. The right-of-use assets are depreciated on a straight-line basis over the useful life of the assets. The carrying amounts of the right-of-use assets that are included in plant and equipment at 30 June 2020 (disclosed in note 5) are as follows:

Right-of-Use Assets	Total
Balance at 1 July 2019	154,155
Additions	37,108
Depreciation expense	(43,171)
Balance at 30 June 2020	148,092

9 Income in Advance

	2020	2019
	\$	\$
Subscriptions in advance	536	2,091

10 Employee Benefits

	2020	2019
	\$	\$
Long service leave - Current	15,400	13,950
Long service leave - Non-current	10,718	8,664
Total long service leave	26,118	22,614

Reconciliation of amounts in the statement of financial position

	2020	2019
	\$	\$
Beginning of the year	22,614	20,603
Change in Provision during the year	3,504	2,011
Benefits paid	-	-
End of year	26,118	22,614

Scotts Head Bowling and Recreation Club Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2020

11 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities:

	2020	2019
	\$	\$
Profit/ (Loss) for the year	(27,643)	193,575
Non-cash flows in profit:		
- depreciation	124,609	114,299
- net loss on disposal of property, plant and equipment	-	2,534
- revaluation of property, plant and equipment	-	(244,526)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(70,564)	(3,707)
- (increase)/decrease in prepayments	(4,042)	3,403
- (increase)/decrease in inventories	19,712	2,517
- increase/(decrease) in income in advance	(1,555)	(4,125)
- increase/(decrease) in trade and other payables	6,664	9,901
- increase/(decrease) in employee benefits	3,504	2,011
Cashflow from operations	<u>50,685</u>	<u>75,882</u>

12 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 2 each towards meeting any outstanding debts and obligations of the Company. At 30 June 2020 the number of members was 1,101 (2019: 1,048).

13 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the Company is \$272,847 (2019: \$ 264,269).

14 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019: None).

Scotts Head Bowling and Recreation Club Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2020

15 Other operating expenses

	2020	2019
	\$	\$
Administration and management fees	5,753	3,413
Advertising	1,283	1,396
Auditors fees	12,950	12,340
Auditor remuneration – other	8,570	4,540
Bad debts	229	-
Bank charges	10,476	10,964
Bookkeeping Services	-	12,280
Cleaning	6,687	6,240
Computer expenses	6,010	4,901
Donations	11,095	4,934
Electricity and water	63,330	66,831
Fees and permits	88	2,172
Insurance	38,656	36,571
Office equipment	3,450	7,531
Poker machine CMS and software support	11,887	14,424
Postage	1,717	483
Printing and stationery	5,012	5,268
Professional consulting fees	-	4,200
Rates and taxes	18,418	19,920
Registration fees	3,833	9,027
Security costs	17,907	30,337
Staff amenities	2,677	4,576
Subscriptions	6,628	7,180
Sundry expenses	12,301	27,951
TAB expense	133	741
Telephone and fax	3,336	4,649
Uniforms	589	697
Total Expenses	253,015	303,566

16 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following related party transactions occurred during the year:

- Payments totalling \$631 (incl GST) to Finishing Touches of Macksville for the supply and installation of blinds and curtains.

Notes to the Financial Statements

For the Year Ended 30 June 2020

17 Reserves

Asset revaluation reserve

The asset revaluation reserve records unrealised gains on revaluation of land and buildings recorded at fair value.

18 Events after Report Date

The financial report was authorised for issue on 29 September 2020 by the Board of Directors.

Effective 1 July 2020, the Club entered into a license agreement with an external entity that permits the licensee to use the kitchen and dining areas of the Club for the provision of catering services.

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

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 30, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2020 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.

Vanessa Barbour
Chairman

Nathan Evelyn
Deputy Chairman

Dated 29 September 2020

Independent Audit Report to the members of Scotts Head Bowling & Recreation Club Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Scotts Head Bowling & Recreation Club Ltd, which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year 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 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards- RDR 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 as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material Uncertainty Related to Going Concern

We draw attention to note 1(b) in the financial report that indicates that further government forced closures or in respect of COVID-19 or trading figures significantly below forecasts may cast material uncertainty on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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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 and comprises of the Chairman's and Secretary's Report.

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.

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 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.

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- 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, related safeguards.

HLV Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'A. Hooykaas'.

Aart Hooykaas, Director

Nambucca Heads, NSW 2448

29 September 2020

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