
The Hills District Bowling Club Limited

ABN 92 147 646 638

Financial Statements
For the Year Ended 31 May 2021

The Hills District Bowling Club Limited
Directors' Report
For the Financial Year Ended 31 May 2021

The directors present their report, together with the financial report of The Hills District Bowling Club Limited (the company) for the year ended 31 May 2021.

Directors

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

Name	Position	Commenced/Ceased Position	Qualifications	Experience and Expertise
Ken Carroll	Chairperson	Re-elected Chairperson August 2019	Information Technology	Project Management
Elizabeth Leahy	Vice Chair	Re-elected Director August 2019	Diploma of Financial Planning	Self Employed Financial Planner 25 years
Joe Logue	Treasurer	Re-elected Director August 2019	FCPA, FPNGSA	Finance Manager
Dennis Halford	Director	Re-elected Director August 2019	Graduate University of Colorado USA in Commerce	Managing Director Finance
David Smith	Director	Re-elected Director August 2019	Electrical Contractor	Business Owner
Phil Axiak	Director	Elected August 2019	Management	Building / Construction
Karen McCann	Director	August 2020	Retired Inspector of Police	Law Enforcement

Directors' meetings

The number of directors' meetings of the company's Board of Directors (the Board) that each director was eligible to attend and the number of meetings attended by each director was:

Director	Meetings Held*	Meetings Attended
Ken Carroll	12	11
Elizabeth Leahy	12	11
Joe Logue	12	12
Dennis Halford	12	12
David Smith	12	11
Phil Axiak	12	12
Karen McCann	10	10

*Number of meetings held during the time the director held office during the year.

Principal activities during the year

During the year, the principal activities of the company consisted of operating as a registered club, providing and supporting social amenities, lawn bowls and activities for members and their invited guests.

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Changes in state of affairs

COVID-19 continues to affect the club industry. There have been no other significant changes in the state of affairs of the company during the financial year.

Operating result

The profit of the company for the financial year after providing for income tax amounted to \$182,387 (2020: \$646,860 loss). When movements in the revaluation of land and buildings are considered, the total comprehensive income of the company for the financial year amounted to \$182,387 (2020: \$46,860 comprehensive loss).

Objectives

Short term objectives

- Provide well maintained amenities and facilities that meet the needs of members;
- Maintain financial viability;
- Maintain a high level of customer service, and satisfaction; and
- Provide and maintain resources and facilities that enable lawn bowling members to effectively participate in competition and social lawn bowls.

Long term objectives

- To ensure the club has a strong financial future;
- To ensure the club is a desirable entertainment venue for members and guests;
- To promote, develop, and maintain the game of lawn bowls to ensure the long-term viability of the game; and
- To develop the club as a meeting place for social cohesion in the Hills District.

Strategy for achieving the objectives

- Provide members with a diverse range of entertainment, activities and facilities;
- Continue to grow membership and maintain a strong financial position;
- Continue to participate in and fund activities that both promote the development of lawn bowls, and support the community;
- Seek and increase affiliation of other sports; and
- Promote the club as a meeting place for social cohesion by supporting local community organisations.

Performance measures

The club measures its activities using financial and non-financial key performance indicators using;

- Club membership growth
- Benchmarking key performance indicators against other clubs; and
- Comparison of actual financial performance to budgeted performance.

Events subsequent to balance sheet date

On 9 April 2020, the Club entered into a loan agreement with Nasr Group Investments Pty Ltd for working capital purposes. The loan has an interest rate of 9%, a facility limit of \$1,000,000, and a mortgage over 6-18 Jenner Street, Baulkham Hills, NSW, 2153. The original maximum term of the agreement was 24 months, with a termination date of 9 April 2022. As at the end of 31 May 2021, \$700,000 was drawn down and \$300,000 was unutilised.

On 17 August 2021, subsequent to year-end, the Club entered into a Variation of Loan Agreement with Nasr Group Investments Pty Ltd, to extend the termination date to 9 April 2023. See Note 19 for details of subsequent events.

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As a result of the New South Wales Government's response to the ongoing COVID-19 pandemic, the club was forced to close its doors on 26 June 2021 and has been unable to trade since. An estimate of the financial effect of this subsequent event cannot be made at the time of this financial report.

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

Future developments

As indicated in previous financial years, the club will take advantage of improvement, amalgamation, and development opportunities that arise if they meet the club's objectives. The board will report the result of such operations to the members within the limits required to maintain commercial in confidence information that may be likely to result in unreasonable prejudice to the company.

On 25 May 2020, the club signed a Project Delivery Agreement (PDA) with THBC Residences Pty Ltd (Arden Group) to redevelop the site at 6-18 Jenner Street, Baulkham Hills. On 3 February 2021, the club submitted a Planning Proposal. The club has now entered the 'Local Planning Panel' period on the timeline below, which provides an example of the expected timeline (which may vary from project to project). Based on this timeline, the club would anticipate an approval (if granted) in late 2022. Following the success of this application, a Development Application (DA) will then be submitted for approval to council.

Planning Proposal Example 1
Total Time: 18 months



LEGEND	
A	Lodgement
B	Councillor Workshop
C	Local Planning Panel
D	Council Determination Pre-Gateway
E	Gateway Determination
F	Completion of Public and Authority Consultation
G	Council Determination Post Exhibition
H	Sent to DPIE for Finalisation
I	Notification

Liability of members

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 \$4 each towards meeting any outstanding obligations of the entity. At 31 May 2021, there were 2,544 members (2020: 4,008); and the total amount that the members of the company would be liable to contribute if the company was wound up is \$10,176 (2020: \$16,032).

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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The company was not a party to any such proceedings during the year.

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary and all executive officers of the company and any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any related body corporate against a liability incurred as such an officer or auditor.

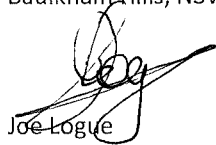
Auditor's independence declaration

A copy of the independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the directors:



Ken Carroll
Chairperson
17 August 2021
Baulkham Hills, NSW



Joe Logue
Treasurer
17 August 2021
Baulkham Hills NSW



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The Hills District Bowling Club Limited
Auditor's Independence Declaration to the Directors of The Hills District Bowling Club Limited
For the Financial Year Ended 31 May 2021

In accordance with the requirements of the *Corporations Act 2001*, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

SDJA

SDJA

Simon Joyce

Simon Joyce
Director
17 August 2021
Sydney, New South Wales

The Hills District Bowling Club Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 May 2021

	Notes	2021	2020
		\$	\$
Revenue			
Revenue	4	4,670,555	3,610,678
Other income	4	386,096	435,991
Total revenue		5,056,651	4,046,669
Expenses			
Cost of sales		(836,290)	(840,640)
Advertising expenses		(5,099)	(8,935)
Audit and accounting fees		(39,816)	(31,955)
Cleaning expenses		(144,358)	(139,318)
Depreciation and amortisation		(434,664)	(423,451)
Bowls secretary, selectors, coordinator and coaching expenses		(2,250)	(25,399)
Directors honorarium expenses		(21,154)	(9,891)
Directors training and services		(1,134)	(2,330)
Employee benefits expense		(1,875,801)	(1,582,180)
Entertainment and promotional expenses		(296,303)	(397,324)
Finance costs		(70,556)	(4,474)
Insurance expenses		(113,895)	(119,362)
Loss on disposal of assets		-	(172,748)
Poker machine duty expense		(382,218)	(206,049)
Printing, postage and stationery expense		(15,278)	(15,720)
Repairs and maintenance expense		(114,677)	(127,272)
Security expenses		(59,435)	(40,807)
Trophies, pennants and competition expenses		(7,125)	(36,567)
Utilities expense		(132,614)	(162,055)
Women's bowling club expenses		(13,889)	-
Greenkeeping fees		(30,733)	(131,281)
Other expenses		(276,975)	(215,771)
Total expenses		(4,874,264)	(4,693,529)
Net profit/(loss) before income tax		182,387	(646,860)
Income tax expense		-	-
Net profit/(loss) for the year		182,387	(646,860)
Other comprehensive income:			
Revaluation of land and buildings		-	600,000
Total comprehensive income/(loss)		182,387	(46,860)

The accompanying notes form part of these financial statements.

The Hills District Bowling Club Limited
Statement of Financial Position
As at 31 May 2021

	Notes	2021 \$	2020 \$
Assets			
Current			
Cash and cash equivalents	5	752,247	382,922
Trade and other receivables	6	6,711	96,137
Other current assets	7	5,538	-
Inventories	8	72,930	44,480
Current assets		837,426	523,539
Non-current			
Property, plant and equipment	9	14,070,197	13,482,767
Intangible assets	10	130,886	123,824
Non-current assets		14,201,083	13,606,591
Total assets		15,038,509	14,130,130
Liabilities			
Current			
Trade and other payables	11	412,445	263,577
Employee benefits	12	113,563	74,158
Borrowings	13	80,762	53,576
Other liabilities	14	59,572	2,290
Current liabilities		666,342	393,601
Non-current			
Employee benefits	12	23,110	23,110
Borrowings	13	959,256	506,005
Non-current liabilities		982,366	529,115
Total liabilities		1,648,708	922,716
Net assets		13,389,801	13,207,414
Equity			
Reserves	15	8,736,783	8,736,783
Retained earnings		4,653,018	4,470,631
Total equity		13,389,801	13,207,414

The accompanying notes form part of these financial statements.

The Hills District Bowling Club Limited
Statement of Changes in Equity
For the Financial Year Ended 31 May 2021

	Notes	Asset Revaluation Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 June 2019		8,136,783	5,117,491	13,254,274
Loss for the year		-	(646,860)	(646,860)
Other comprehensive income:				
Revaluation of land and buildings	15	600,000	-	600,000
Total comprehensive income/(loss)		600,000	(646,860)	(46,860)
Balance at 31 May 2020		8,736,783	4,470,631	13,207,414
Balance at 1 June 2020		8,736,783	4,470,631	13,207,414
Profit for the year		-	182,387	182,387
Other comprehensive income		-	-	-
Total comprehensive income		-	182,387	182,387
Balance at 31 May 2021		8,736,783	4,653,018	13,389,801

The accompanying notes form part of these financial statements.

The Hills District Bowling Club Limited
Statement of Cash Flows
For the Financial Year Ended 31 May 2021

	Notes	2021	2020
		\$	\$
Cash flows from operating activities			
Receipts from customers		5,237,452	4,191,345
Receipts from government stimulus		435,500	125,000
Payments to suppliers and employees		(4,684,372)	(4,579,989)
Interest received		20	3,623
Net provided by/(cash used) in operating activities		988,600	(260,021)
Cash flows from investing activities			
Payments for property, plant and equipment		(688,528)	(85,677)
Net cash used in investing activities		(688,528)	(85,677)
Cash flows from financing activities			
Net proceeds from borrowings		139,809	214,948
Interest paid		(70,556)	(4,474)
Net cash provided by financing activities		69,253	210,474
Net change in cash and cash equivalents		369,325	(135,224)
Cash and cash equivalents at beginning of financial year		382,922	518,146
Cash and cash equivalents at end of financial year	5	752,247	382,922

The accompanying notes form part of these financial statements.

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2021

1. General information

The financial report covers The Hills District Bowling Club Limited as an individual entity. The Hills District Bowling Club Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The principal place of business is 6-18 Jenner Street, Baulkham Hills, NSW, 2153.

The financial report was authorised for issue by the directors on 17 August 2021.

With the exception of reclassifications between certain financial statement line items, comparatives are consistent with prior years, unless otherwise stated.

2. Changes in accounting policies

New and revised standards that are effective for these financial statements

A number of revised standards became effective for the first time to annual periods beginning on or after 1 January 2020. The adoption of these revised accounting standards has not had a material impact on the entity's financial statements.

Accounting Standards issued but not yet effective and not been adopted early by the entity

A number of new and revised standards have been issued but are not yet effective and have not been adopted early by the entity. The directors are currently assessing the impact such standards will have on the entity.

3. Summary of accounting policies

Financial reporting framework

The general purpose financial statements of the entity have been prepared in accordance with the requirements of the *Corporations Act 2001*.

Statement of compliance

The general purpose financial statements of the entity have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

The financial statements are presented in Australian Dollars (\$AUD), which is also the functional currency of the company.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2021

Revenue from contracts with customers

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 entity 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

Other revenue

For any revenue streams that are not defined as contracts with customers, then the revenue is recognised when the entity gains control, economic benefits are probable and the amount of the revenue can be measured reliably.

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

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Income taxes

No provision for income tax has been raised as the entity has self-assessed as being exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected losses. Trade receivables are generally due for settlement within 30 days.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

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.

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2021

Land and buildings

Land is shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment of buildings. The valuations are undertaken more frequently if there is a material change in fair value relative to the carrying amount. Any accumulated depreciation at the date of valuation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on valuation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken up in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter decrements are taken to the profit and loss.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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%
Plant and Equipment	15% - 20%

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.

Leases

The entity assesses at contract inception whether a contract is, or contains, a lease.

As a lessee

The entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The entity recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	2021	2020
Plant and equipment	Lease term	Lease term

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Notes to the Financial Statements
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The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Short-term leases and leases of low-value assets

The entity's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases of low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost.

Indefinite life intangibles assets

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment.

Poker machine entitlements are considered to have an indefinite useful life. The company tests for impairment annually, irrespective of whether there is any indication of impairment.

Finite life intangibles assets

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Security equipment license and computer software costs are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

Impairment of non-financial assets

At the end of each reporting period the company determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash generating unit (CGU) is estimated.

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

The Hills District Bowling Club Limited
Notes to the Financial Statements
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Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets

Contract assets and receivables

A contract asset is recognised when the entity's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the entity's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment.

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The entity's financial assets at amortised cost includes trade and other receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The entity's financial liabilities include trade and other payables, and borrowings.

Financial liabilities at amortised cost

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

The Hills District Bowling Club Limited
Notes to the Financial Statements
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Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to the short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are not usually paid within 30 days of recognition.

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Provision for 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.

Liabilities relating to contracts with customers

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the entity transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the entity performs under the contract (i.e. transfers control of the related goods or services to the customer).

The services are usually provided within twelve (12) months of receipt of the payment. Where the amount received is in respect of services to be provided over a period that exceeds twelve (12) months after the reporting date, the liability is discounted and presented as non-current.

Reserves

Components of equity include the following:

- revaluation reserve – comprises gains and losses from the revaluation of land and buildings (see Note 15)

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2021

Retained earnings include all current and prior period retained profits.

Comparative figures

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

Significant judgement in applying accounting policies

When preparing the financial statements, the directors undertake a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

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

Impairment

In assessing impairment, the directors estimate the recoverable amount of each asset or cash-generating units, based on expected future cash flows and uses an interest rate to discount them.

Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

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 allowance for expected credit losses is included, where applicable, for any receivable where the entire balance is not considered collectible. The allowance for expected credit losses is based on the best information at the reporting date.

Inventories

The directors estimate the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Useful lives of depreciable assets

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

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2021

	2021	2020
	\$	\$
4. Revenue		
Gaming machine revenue	2,503,703	1,457,644
Bar revenue	1,133,614	1,030,665
Catering revenue	704,671	693,106
Keno commission	28,027	24,789
Functions and raffle revenue	67,546	180,509
Bowls revenue	24,710	31,457
Membership revenue	102,138	114,389
Commission and rebates received	87,280	51,727
TAB commission	18,866	26,392
	4,670,555	3,610,678
Other income		
Grant income - JobKeeper and Cash Flow Boost	360,500	200,000
Interest income	20	3,623
Other revenue	25,576	232,368
	386,096	435,991
5. Cash and cash equivalents		
Cash on hand	152,442	-
Cash at bank	589,317	372,505
Short term deposits	10,488	10,417
	752,247	382,922
6. Trade and other receivables		
Current		
Trade receivables	6,711	21,137
Accrued income	-	75,000
	6,711	96,137
7. Other assets		
Current		
Prepayments	5,538	-
	5,538	-
8. Inventories		
Current		
Stock on hand - kitchen and bar	51,361	26,596
Stock on hand - bowls and greens	21,569	17,884
	72,930	44,480

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2021

	2021	2020
	\$	\$
9. Property, plant and equipment		
Freehold land at fair value	8,600,000	8,600,000
	8,600,000	8,600,000
Buildings at cost or fair value	4,865,598	4,500,190
Buildings accumulated depreciation	(469,619)	(345,076)
	4,395,979	4,155,114
Plant and equipment at cost	2,373,247	2,061,621
Plant and equipment accumulated depreciation	(1,622,429)	(1,392,089)
	750,818	669,532
Right-of-use assets at cost	340,628	-
Right-of-use assets accumulated amortisation	(17,228)	-
	323,400	-
Capital works in progress	-	58,121
Total property, plant and equipment	14,070,197	13,482,767

	Land	Buildings	Plant & Equipment	Right-of-Use Assets
	\$	\$	\$	\$
Net carrying amount 1 June 2020	8,600,000	4,155,114	669,532	-
Additions	-	307,287	349,201	340,628
Disposals	-	-	-	-
Depreciation	-	(124,543)	(267,915)	(17,228)
Transfer to/(from)	-	58,121	-	-
Net carrying amount 31 May 2021	8,600,000	4,395,979	750,818	323,400

	Capital Works in Progress	Total
	\$	\$
Net carrying amount 1 June 2020	58,121	13,482,767
Additions	-	997,116
Disposals	-	-
Depreciation	-	(409,686)
Transfer to/(from)	(58,121)	-
Net carrying amount 31 May 2021	-	14,070,197

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2021

	2021	2020
	\$	\$
10. Intangibles		
Security equipment license and computer software at cost	137,888	105,848
Security equipment license and computer software accumulated amortisation	(111,107)	(86,129)
	26,781	19,719
Poker machine entitlements at cost	104,105	104,105
	104,105	104,105
Total intangibles	130,886	123,824

	Security Equipment License & Computer Software	Poker Machine Licenses	Total
	\$	\$	\$
Net carrying amount 1 June 2020	19,719	104,105	123,824
Additions	32,040	-	32,040
Disposals	-	-	-
Amortisation	(24,978)	-	(24,978)
Net carrying amount 31 May 2021	26,781	104,105	130,886

	2021	2020
	\$	\$
11. Trade and other payables		
Current		
Trade creditors	71,199	32,677
Accrued expenses	290,285	218,895
Net GST payable	50,961	12,005
	412,445	263,577

12. Provision for employee benefits		
Current		
Provision for annual leave	93,819	58,380
Provision for long service leave	19,744	15,778
	113,563	74,158

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2021

	2021	2020
	\$	\$
12. Provision for employee benefits (continued)		
Non-current		
Provision for long service leave	23,110	23,110
	23,110	23,110

13. Borrowings

Current

Hire purchase	34,359	53,576
Lease liabilities	46,403	-
	80,762	53,576

Non-current

Hire purchase	62,077	6,005
Lease liabilities	197,179	-
Loan - Nasr Group Investments Pty Ltd	700,000	500,000
	959,256	506,005

On 9 April 2020, the Club entered into a loan agreement with Nasr Group Investments Pty Ltd for working capital purposes. The loan has an interest rate of 9%, a facility limit of \$1,000,000, and a mortgage over 6-18 Jenner Street, Baulkham Hills, NSW, 2153. The original maximum term of the agreement was 24 months, with a termination date of 9 April 2022. As at the end of 31 May 2021, \$700,000 was drawn down and \$300,000 was unutilised.

On 17 August 2021, subsequent to year-end, the Club entered into a Variation of Loan Agreement with Nasr Group Investments Pty Ltd, to extend the termination date to 9 April 2023. See Note 19 for details of subsequent events.

	2021	2020
	\$	\$
14. Other liabilities		
Current		
Contract liabilities - memberships in advance	59,572	2,290
	59,572	2,290

15. Reserves

Asset revaluation reserve	8,736,783	8,736,783
	8,736,783	8,736,783

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2021

15. Reserves (continued)

The asset realisation reserve has been utilised for the revaluation of land and buildings held at fair value. The latest valuation was completed by Herron Todd White and was performed on an "as is, alternative use" basis i.e. was focused on the fair value of the land only. Their valuation report was issued on the 10 September 2019 and resulted in an uplift to the fair value of land and the asset revaluation reserve of \$600,000 in the previous financial year.

16. Commitments

Club renovations

In the previous financial year, the entity performed an Alfresco Gaming Room update. All works were completed in July 2020 and capitalised in property, plant and equipment in note 9. Therefore, there were no commitments relating to this project as at 31 May 2021.

	2021 \$	2020 \$
<u>Club renovations</u>		
Within 1 year	-	275,812
	-	275,812

Club site redevelopment

On 25 May 2020, the entity signed a Project Delivery Agreement (PDA) with THBC Residences Pty Ltd (Arden Group) to redevelop the site at 6-18 Jenner Street, Baulkham Hills. On 3 February 2021, the club submitted a Planning Proposal. The total cost associated with such a redevelopment is subject to the timing and nature of various approvals required.

The entity had no other material capital commitments for the year ended 31 May 2021.

17. Related parties

The entity's related parties include its key management personnel and related entities as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

	2021 \$	2020 \$
<u>Transactions with related entities</u>		
Honorariums for bowls selectors	-	4,000
Director expenses including training and seminars	1,134	2,330
Payment for director honorariums	21,154	9,891
Honorariums for chairman of umpires	-	500
<u>Balances with related entities</u>		
Loan payable - Nasr Group Investments Pty Ltd	700,000	500,000

The Hills District Bowling Club Limited
Notes to the Financial Statements
For the Financial Year Ended 31 May 2021

17. Related parties (continued)

The loan payable with Nasr Group Investments Pty Ltd is deemed a related entity due to the fact that one of the directors of Nasr Group Investments Pty Ltd is related to a director of the club. An extensive tender process was undertaken in the acquisition of the loan of which Nasr Group Investments Pty Ltd was successful based on its merit and in the best commercial interest of the club. Refer to Note 13 for further details regarding this balance.

There were no trade receivables from, nor trade payables, to related parties at the current and previous reporting date.

18. Contingent liabilities

There are no contingent liabilities that have been incurred by the entity as at reporting date.

19. Subsequent events

On 17 August 2021, the Club entered into a Variation of Loan Agreement with Nasr Group Investments Pty Ltd, to extend the termination date to 9 April 2023. The original termination date of the loan was 9 April 2022. See Note 13 for further details of the loan.

As a result of the New South Wales Government's response to the ongoing COVID-19 pandemic, the club was forced to close its doors on 26 June 2021 and has been unable to trade since. An estimate of the financial effect of this subsequent event cannot be made at the time of this financial report.

No other adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

The Hills District Bowling Club Limited
Directors' Declaration
For the Financial Year Ended 31 May 2021

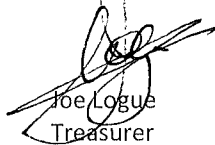
The directors of the company declare that in the directors' opinion:

- a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the company's financial position as at 31 May 2021 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
- b) there are reasonable grounds to believe that the company is able to pay all of its debts, as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Ken Carroll
Chairperson
17 August 2021
Baulkham Hills, NSW



Joe Logue
Treasurer
17 August 2021
Baulkham Hills, NSW

The Hills District Bowling Club Limited
Independent Auditor's Report to the Members of The Hills District Bowling Club Limited
For the Financial Year Ended 31 May 2021

Opinion

We have audited the financial report of The Hills District Bowling Club Limited (the company), which comprises the statement of financial position as at 31 May 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the financial report of The Hills District Bowling Club Limited has been prepared in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 May 2021 and of its financial performance for the year then ended; and
- (b) 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Subsequent Event

We draw attention to Note 19, which highlights a subsequent event relating to COVID-19. The potential financial effect of this subsequent event cannot be made at the time of this financial report. Our opinion is not modified further with respect to this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors of the company are responsible for the other information. The other information is the directors' report accompanying the financial 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.

The Hills District Bowling Club Limited
Independent Auditor's Report to the Members of The Hills District Bowling Club Limited
For the Financial Year Ended 31 May 2021

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the company are responsible for assessing the registered 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 of the company either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so. The directors of the company are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.



SDJA



Simon Joyce

Director

17 August 2021

Sydney, New South Wales