

ORANGE CITY BOWLING CLUB LTD

A.B.N. 31 000 081 676

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2023**

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ORANGE CITY BOWLING CLUB LTD
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DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2023.

Directors

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

Ray Wilson	Chairman
Ian Spencer	Vice Chair
Jean Kennedy	Vice Chair
Brian Ross	Treasurer
Reg Kidd	Director
Susan Maloney	Director
Virginia Dunn	Director (<i>appointed December 2022</i>)
Michael Doyle	Director (<i>resigned November 2022</i>)

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

Company Secretary

T. Fitzsimmons was appointed Company Secretary effective 28th June, 2021.

Review of Operations

The deficit of the company for the financial year amounted to \$439,711 (2022: deficit \$292,402).

The EBITDA for the 2023 financial year is a loss of \$228,557 (2022 surplus of \$7,758).

Principal Activities

The principal activity of the company during the financial year remained unchanged and was the operation of a registered club and the provision of sporting facilities.

The company's short-term objectives are to:

- provide high quality facilities within a secure, friendly and professional environment for both members and guests.
- continue to provide our facilities to support the needs of the community.

The company's long-term objectives are to:

- provide enhanced facilities to members and guests.

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DIRECTORS' REPORT

Information on Directors

Name: Ray Wilson	
Occupation:	Retired Radio Station Manager
Experience:	Board member since December 2021, Orange City Bowling Club member for 44 years
Meetings Attended:	13 of 14

Name: Ian Spencer	
Occupation:	Retired Manager (Transport Industry)
Experience:	Board member since 25 September 2020, previously served as Director for 30 years, including 8 terms as Chairman of the Board
Meetings Attended:	14 of 14

Name: Jean Kennedy	
Occupation:	Retired Club Secretary Manager
Experience:	Board member since 28 October 2012, former Orange City Women's Bowling Club President
Meetings Attended:	13 of 14

Name: Brian Ross	
Occupation:	Management Accountant and IT Systems Accountant in Federal and State government administration
Experience:	Board member since April 2022
Meetings Attended:	13 of 14

Name: Reg Kidd	
Occupation:	Retired Orange City Council Mayor, director Agassist Pty Ltd
Experience:	Board member since December 2021
Meetings Attended:	12 of 14

Name: Susan Maloney	
Occupation:	Retired High School Deputy Principal
Experience:	Board member since December 2020
Meetings Attended:	13 of 14

Name: Virginia Dunn	
Occupation:	Retired Businesswoman
Experience:	Board member since December 2022
Meetings Attended:	5 of 6

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DIRECTORS' REPORT

Membership

The club is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. At the 30 June 2023 the numbers were made up as follows:

Member type	2023	2022
Life member	7	8
Sporting Men	73	83
Sporting Women	67	73
Social	1,318	1,574
Total	<u>1,465</u>	<u>1,738</u>

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 4 of the financial report.

The director's report is signed in accordance with a resolution of the Board of Directors:

Director: 

Director: 

Dated this 23 day of November 2023

**ORANGE CITY BOWLING CLUB LTD
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DIRECTORS' REPORT

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ORANGE CITY BOWLING CLUB LTD**

I declare that, to the best of my knowledge and belief, during the financial year ended 30 June 2023, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Name of Firm: Pigot Miller Wilson
Chartered Accountants

Lead Auditor:


Graham Spalding

Address: 65 Hill Street, Orange NSW 2800

Dated this 23rd day of November 2023

ORANGE CITY BOWLING CLUB LTD
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
INCOME			
Sale of Goods		667,338	539,842
Poker Machine		760,965	605,041
Commissions		30,628	26,457
ATM Rebate		2,223	10,811
ATO Incentives - Jobsaver		-	97,795
Sub-clubs	18	(3,783)	6,621
Membership Fees		13,261	27,164
Sundry Income		79,793	25,089
Interest Received		2,092	253
Function Room Hire		64,955	63,396
Outdoor Amenities		98,136	79,754
Rent received		250	4,136
Activities & Events		4,243	64,574
		<u>1,720,101</u>	<u>1,550,933</u>
LESS COST OF SALES		<u>291,633</u>	<u>242,229</u>
LESS OPERATING EXPENSES			
Accounting & Audit fees		29,241	12,464
Activity & Promotion expenses		74,730	91,994
Bad Debts		(475)	-
Bank & Merchant Fees		3,747	4,365
Depreciation		202,091	193,594
Directors Expenses		611	422
Donations and Sponsorships		-	4,034
Electricity and Gas		102,076	42,813
Function expenses		20,389	11,642
Gaming expenses		82,676	51,909
Impairment of Assets		-	104,090
Insurance - General		52,604	47,931
Insurance - Workers Compensation		9,225	19,956
Interest		9,063	2,729
Movement in Annual Leave Provision		6,072	8,666
Movement in Long Service Leave Provision		(998)	6,321
Legal and Consulting Fees		32,285	10,227
License Fees		23,656	13,434

The accompanying notes form part of these financial statements.

ORANGE CITY BOWLING CLUB LTD
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

LESS EXPENSES (cont.)	2023	2022
Marketing & Entertainment expenses	30,125	41,396
Office Supplies	19,018	12,547
Operating expenses	39,963	35,988
Printing, Postage, Freight and Stationery	3,388	13,774
Rates - Council & Water	17,458	8,889
Reimbursed Inter-club Fees	5,080	13,520
Repairs & Maintenance	92,248	53,594
Salaries and Wages	795,835	668,343
Security and Alarm Monitoring	5,263	7,323
Staff Amenities, Uniforms & Training	4,233	3,374
Superannuation	78,101	64,564
Sundry Expenses	86,890	30,488
Telephone and Internet	34,423	9,279
Waste Removal	9,161	11,436
TOTAL EXPENSES	<u>2,159,812</u>	<u>1,843,335</u>
NET PROFIT/(LOSS)	<u>(439,711)</u>	<u>(292,402)</u>
TOTAL COMPREHENSIVE PROFIT/(LOSS)	<u>(439,711)</u>	<u>(292,402)</u>
FOR THE PERIOD		

ORANGE CITY BOWLING CLUB LTD
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BALANCE SHEET
AS AT 30 JUNE 2023

	Notes	2023	2022
CURRENT ASSETS			
Cash and cash equivalents	3	459,649	709,840
Trade and other receivables	4	9,279	11,737
Inventories	5	40,213	25,045
Other current assets	6	24,016	600
TOTAL CURRENT ASSETS		<u>533,157</u>	<u>747,222</u>
NON-CURRENT ASSETS			
Intangible Assets	7	29,220	29,220
Property, plant and equipment	8	4,547,835	4,638,708
TOTAL NON-CURRENT ASSETS		<u>4,577,055</u>	<u>4,667,928</u>
TOTAL ASSETS		<u>5,110,212</u>	<u>5,415,150</u>
CURRENT LIABILITIES			
Trade and other payables	9	340,604	212,297
Provisions	10	182,948	177,367
Borrowings	11	49,217	23,847
TOTAL CURRENT LIABILITIES		<u>572,769</u>	<u>413,511</u>
NON-CURRENT LIABILITIES			
Provisions	10	3,231	3,738
Borrowings	11	43,220	67,198
TOTAL NON-CURRENT LIABILITIES		<u>46,451</u>	<u>70,936</u>
TOTAL LIABILITIES		<u>619,220</u>	<u>484,447</u>
NET ASSETS		<u>4,490,992</u>	<u>4,930,703</u>
EQUITY			
Reserves		3,336,471	3,336,471
Retained earnings		1,154,521	1,594,232
TOTAL EQUITY		<u>4,490,992</u>	<u>4,930,703</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Asset Revaluation Reserve	Retained Earnings	Total
Balance at 1 July 2021		3,336,471	1,886,634	5,223,105
Comprehensive Income				
Surplus / (Deficit) for the year		-	(292,402)	(292,402)
Balance as at 30 June 2022		3,336,471	1,594,232	4,930,703
Comprehensive Income				
Surplus / (Deficit) for the year		-	(439,711)	(439,711)
Balance at 30 June 2023		3,336,471	1,154,521	4,490,992

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,720,467	1,549,225
Interest received	2,092	253
Payments to suppliers, divisions and employees	<u>(1,862,924)</u>	<u>(1,454,314)</u>
Net cash provided by operating activities	13 <u>(140,364)</u>	<u>95,165</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of property, plant and equipment	-	-
Purchase of intangible assets	-	-
Purchase of property, plant and equipment	<u>(111,218)</u>	<u>(213,506)</u>
Net cash provided by investing activities	<u>(111,218)</u>	<u>(213,506)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings to purchase equipment/ expenditure	60,631	100,551
Repayment of borrowings	<u>(59,239)</u>	<u>(9,506)</u>
Net cash provided from financing activities	<u>1,392</u>	<u>91,045</u>
Net increase (decrease) in cash held	(250,190)	(27,296)
Cash at beginning of year	<u>709,840</u>	<u>737,137</u>
Cash at end of year	3 <u>459,649</u>	<u>709,840</u>

ORANGE CITY BOWLING CLUB LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies

Basis of Preparation

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

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

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 4 November 2023 by the directors of the company.

Accounting Policies

a) Revenue

Revenue is recognised to the extent that it is probable that the accrued benefits will flow to the company. The following specific recognition criteria also apply before revenue is recognised:

Bar, Gaming Machine and Green Fees Revenue

Revenue from bars, poker machines and green fees are recognised on a receipts basis.

Commission Rent and Interest Revenue

Keno and TAB commission, rent and interest income are recognised on an accrual basis.

Sale of Non-current Assets

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

a) Revenue (cont.)

Membership fees

Membership fees are recognised on a receipts basis.

Interest

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

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

b) Inventories

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

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

c) Property, Plant & Equipment

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

Freehold Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to independent valuation, the directors conduct directors' valuations to ensure the carrying amount for 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 recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit and loss.

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

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

This should be read in conjunction with the attached audit report

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

c) Property, Plant & Equipment (Cont.)

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

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

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation
Plant & Equipment	5 - 40%
Buildings & Ground Improvements	1 - 20%
Gaming Machine Equipment	10 - 40%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases. Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Lease assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense of the period.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

d) Leases (cont.)

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

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

e) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Classification and Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

e) Financial Instruments (cont'd)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the company. The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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 company's financial assets at amortised cost includes trade receivables.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables.

Subsequent measurement

Loans and borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings 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 the statement of profit or loss.

f) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the relevant model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that Standard.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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NOTES TO THE FINANCIAL STATEMENTS
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g) Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits (other than termination payments) that are expected to be settled wholly 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Short-term employee benefits (cont.)

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

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

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

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i) Goods and Service Tax (GST)

Revenue, 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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

j) Income Tax

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

k) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

l) Comparative Figures

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

m) Trade & Other Payables

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

n) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Key estimates

Valuation of freehold land and buildings

The Directors commissioned Herron Todd White to value the club's land and buildings at 61-89 Warrendine Street to assist in their assessment of their carrying value. The valuation date 1 October 2020 carried out by Chilton Simpson, AAPI registered valuer no. 102945, assessed the market value for continuing existing use as \$4,530,000 GST exclusive. The Directors have reflected this value in the 2023 financial year.

The Directors have reviewed the key assumptions adopted by the valuers and do not believe there has been a significant change in the assumption at 30 June 2023. The Directors have therefore adopted a prudent approach and believe the current carrying amount of \$4,530,000 correctly reflects the fair value as at 30 June 2023.

Key judgements

Employee benefits

For the purpose of measurement, AASB 119: *Employee Benefits* (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal company policy that requires annual leave to be used within 18 months), the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at present value of the expected future payments to be made to employees.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
2 Auditor's Remuneration	16,500	16,500
3 Cash and Cash Equivalents		
Cash at Bank	329,064	271,463
Cash on Hand	89,797	67,378
Term Deposits	40,788	370,999
	<u>459,649</u>	<u>709,840</u>
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as above.		
4 Receivables		
Current		
Trade Debtors	10,019	12,952
Less Provision for Doubtful Debts	(740)	(1,215)
	<u>9,279</u>	<u>11,737</u>
5 Inventories		
Stock on Hand	40,213	25,045
	<u>40,213</u>	<u>25,045</u>
6 Other Assets		
Interest Accrued	-	-
Prepayments	24,016	600
	<u>24,016</u>	<u>600</u>
7 Intangible Assets		
Gaming Machine Entitlements - at cost	29,220	29,220
	<u>29,220</u>	<u>29,220</u>
8 Property, Plant and Equipment		
Free Hold Land - at Independent Valuation	1,600,000	1,600,000
Total Land	<u>1,600,000</u>	<u>1,600,000</u>
Plant and Equipment - at Cost	1,502,533	1,416,565
Less Accumulated Depreciation	(1,248,176)	(1,196,218)
Total Plant and Equipment	<u>254,357</u>	<u>220,347</u>
Buildings and Ground Improvements	3,706,952	3,706,952
Less Accumulated Depreciation	(1,124,962)	(1,022,406)
Total Buildings Improvements	<u>2,581,990</u>	<u>2,684,546</u>
Gaming Machine Equipment - at Cost	1,181,961	1,156,711
Less Accumulated Depreciation	(1,070,473)	(1,022,896)
Total Gaming Equipment	<u>111,488</u>	<u>133,815</u>
Capital Works in Progress	<u>-</u>	<u>-</u>
Total Property, Plant and Equipment	<u>4,547,835</u>	<u>4,638,708</u>

This should be read in conjunction with the attached audit report

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

8 Property, Plant and Equipment (cont'd)

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and equipment	Land and Buildings	Gaming Machine Equipment	Total
Balance at 1 July 2022	220,347	4,284,546	133,815	4,638,708
Additions	85,968	-	25,250	111,218
Depreciation	(51,958)	(102,556)	(47,577)	(202,091)
Revaluation	-	-	-	-
Disposals/ transfers	-	-	-	-
Balance at 30 June 2023	254,357	4,181,990	111,488	4,547,835

9 Trade and Other Payables

2023

2022

Current

Trade Creditors	248,220	143,779
Other creditors	-	3,253
Accrued Expenses	48,245	20,737
Income in Advance	16,697	16,991
Gaming & Draw Provisions	27,442	27,537
	340,604	212,297

10 Provisions

Current

Provision for Long Service Leave	94,739	95,230
Provision for Annual Leave	88,209	82,137
	182,948	177,367

Non Current

Provision for Long Service Leave	3,231	3,738
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11 Borrowings

Current

Equipment Finance Leases	23,979	23,847
Insurance loan	25,238	-
	49,217	23,847

Non Current

Equipment Finance Leases	43,220	67,198
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These leases relate to the purchase of the new point of sale system, including hardware, the new server and related hardware. The terms vary from 24 to 60 months and have implicit interest rates ranging between 5% and 10% per annum.

ORANGE CITY BOWLING CLUB LTD
A.B.N. 31 000 081 676

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

12 Members Guarantee

The company is limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. At the 30 June 2023 the number of members was 1,465 (2022 - 1,738).

13 Cash Flow Information	2023	2022
Reconciliation of Cash Flow from operations with Profit/(Loss)		
Profit/(Loss)	(439,711)	(292,402)
Non-cash flows in Profit/(Loss)		
Depreciation	202,091	193,594
Effect of asset transfers	-	104,090
Net (Profit)/ Loss on Disposal of Plant and Equipment	-	-
Changes in assets and liabilities		
(Increase) Decrease in Receivables	2,458	(1,455)
(Increase) Decrease in Inventories	(15,168)	5,242
(Increase) Decrease in Other Assets	(23,416)	2,622
Increase (Decrease) in Trade and Other Payables	128,307	68,486
Increase (Decrease) in Provisions	5,074	14,987
Cash flows from operations	(140,364)	95,164

14 Events after the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

15 Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

The Totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

KMP remuneration	118,517	114,000
Directors' Expenses	611	422
	611	422

During the year, repair services were provided by associates of the Club.

Additionally, during the year three employees of the Club are related to Directors of the Club. These terms of employment were on terms consistent with all other employees of the club.

Services provided by Associates	Amount, including GST	
Gross remuneration	139,071	71,888

ORANGE CITY BOWLING CLUB LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

16 Contingent Liabilities

The company was not aware of any possible contingent liabilities as at 30 June 2023.

17 Operating Result

During the current financial year the company returned a net operating loss of \$439,711. The directors are currently considering all options such as diversification of income and expense management to consider the future operating continuity of the Club. The Directors will endeavour to ensure the operating continuity of the Club by:

- The Club's current ratio is just under 1 to 1, indicating that the company can pay its debts as they fall due. Current liabilities also comprise leave liabilities which are unlikely to be paid in full within a year.
- Possibility for payment arrangements with major creditors, the most significant of these being the ATO.
- The Club owns its land and buildings which also carry no debt on these assets. This has resulted in a positive net asset position of almost \$4.5 million.
- The Club owns other liquid assets which are readily convertible to cash.

Based on the above, the Directors of the Club believe that the Club readily has access to sufficient cash to meet its operating requirements for the following 12 months.

Further to the above, the Directors are implementing the following strategies for the upcoming year:

- Further tightening of control over Club spending as set out in our 2024 budget;
- Development of a Business Plan to consider various operating and strategic alternatives the Club;
- Over the past two years, the directors of the Club have been conducting extensive investigations into opportunities to further develop the Club land and buildings. These investigations are aimed at further diversifying and increasing the cash generating capacity of the Club's asset base. These investigations are advanced and are continuing, and have thus far been supported by the Orange City Council.

ORANGE CITY BOWLING CLUB LTD
A.B.N. 31 000 081 676

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

18 Sub-clubs	2023	2022
The following are the operations from the sub-clubs taken into account in the current year:		
Orange City Women's Bowling Club operating profit	(18,813)	(1,051)
Orange City Men's Bowling Club operating profit	4,030	7,672
Women's Contributions to bowling assets	5,500	-
Men's Contributions to bowling assets	5,500	-
Net result incorporated in these financials	<u>(3,783)</u>	<u>6,621</u>
Funds at the start of the year:		
Orange City Women's Bowling Club	45,470	46,521
Orange City Men's Bowling Club	<u>37,683</u>	<u>30,011</u>
	83,153	76,532
Add: net operating profit	<u>(3,783)</u>	<u>6,621</u>
Sub-club net funds at 30 June 2023	79,370	83,153
Represented by:		
Cash in Bank - Orange City Women's Bowling Club	5,869	18,927
Cash in Bank - Orange City Men's Bowling Club	21,713	27,482
Term deposits - Orange City Women's Bowling Club	20,788	26,543
Term deposits - Orange City Men's Bowling Club	<u>20,000</u>	<u>10,201</u>
	68,370	83,153

19 Company Details

The registered office of the company is:
Orange City Bowling Club Limited
61 - 89 Warrendine Street
ORANGE NSW 2800

ORANGE CITY BOWLING CLUB LTD
A.B.N. 31 000 081 676

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Orange City Bowling Club Ltd, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 22 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 of the company as at 30 June 2023 and of its performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director:



Director:



Dated this 23 day of NOVEMBER, 2023

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF ORANGE CITY BOWLING CLUB LTD
A.B.N. 31 000 081 676**

Qualified Opinion

We have audited the financial report of Orange City Bowling Club Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

Except for the matter below, the accompanying financial report of Orange City Bowling Club Limited, is in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Qualified Opinion

We were unable to obtain sufficient supporting evidence for various income and expense items in the statement of comprehensive income. These related primarily to the control environment over record keeping of various transaction types for a period during the current financial year.

It is the company policy to value land and buildings at fair value. The last independent valuation has been utilised in the previous four financial years and we were therefore unable to determine whether the current property values reflected were reasonable.

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 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 Orange City Bowling Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 17 in the financial statements which highlights the current year operating result and the Club's future plans.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The directors of the company are responsible for the preparation of the financial report and have determined that the accounting policies described in Note 1 to the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also includes such internal controls as the directors determine necessary to enable the preparation of a financial report that 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 responsibility

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

A further description of our responsibilities for the audit of the Financial Report is located at the

Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

Name of Firm: Pigot Miller Wilson
Chartered Accountants

Lead Auditor:


Graham Spalding

Address: 65 Hill Street
Orange NSW 2800

Dated this 23rd **day of** November **2023**