

LEMON TREE PASSAGE BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 84 570 698 446)

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

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DIRECTORS' REPORT

Your Directors present their report for the financial year ended 30 June 2019.

1. Directors

The names of the Directors in office at the date of this report are:

Name	Occupation/ Qualifications	Position	Years service as a Director	Special Responsibilities
Kevin Colman	Retired	President	14	Finance Committee
Carl Rumph	Retired		12	Finance Committee
William Vidal	Retired	Vice-President	12	Finance Committee
Alan Perkins	Retired		9	
Ian Hollings	Retired		7	
Sharon Williams	Retired		3	
Greg Patteson	Retired		3	

* Refer to page 3 for details of Directors' meeting attendances.

2. Activities

The principal activities of the Co-operative in the course of the financial year ended 30 June 2019 were the running of the Club in accordance with its objectives for the benefit of its members.

3. Objectives of the Co-operative

The Co-operative's short and long term objectives are to;

- Provide the best facilities available to members and their guests, including the promotion of the game of bowls.

To achieve these objectives the Co-operative has adopted the following strategies;

- Maintain or increase existing revenue levels and control costs to continue profitability which will allow the Co-operative's premises to be continually improved and maintain greens to a high standard.

These strategies are measured through both financial and non financial key performance indicators that have been developed relevant to the club industry.

4. Results

The net result of operations resulted in a loss of \$139,476 (2018 profit: \$45,854). The underlying cash profit (EBITDA) remained strong at \$341,575.

5. Review of Operations

The operating loss in the current year reflects decreased revenue from poker machines and bar trading together with increased administration expenses.

6 Events Subsequent to Balance Date

Since the end of the financial year the Directors are not aware of any matters or circumstances not otherwise dealt with in the report or accounts that has significantly or may significantly affect the operations of the Co-operative, the results of those operations, or the state of affairs of the Co-operative in subsequent financial years.

7. Likely Developments and Expected Results

No new developments are anticipated in the operations of the Co-operative. The expected results for future years are of growth in revenue whilst the Co-operative will control costs wherever possible.

DIRECTORS' REPORT (Cont.)**8. Indemnifying Officer or Auditor**

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

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

9. Directors Benefits

Since the end of the previous financial year no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due to be received by Directors shown in the accounts or received as the fixed salary of a full time employee of the Co-operative) by reason of a contract made by the Co-operative or by a related corporation with the Director or with a firm of which they are a member, or with a Company in which they have a substantial financial interest in.

10. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2019 has been received and is set out on page 5 of the financial report. The Co-operative may decide to engage the auditor in addition to their statutory audit where the auditor's expertise and experience with the Co-operative is important.

11. Dividends

The Co-operative is prohibited from paying dividends under its constitution.

12. Environmental Regulations

The Co-operative's operations are subject to various environmental regulations under both Commonwealth and State Legislation. The Directors are not aware of any breaches of the legislation during the financial year, which are material in nature.

13. Meeting Attendances

The number of Board meetings held during the financial year ended 30 June 2019 was 12 ordinary. The details of each Director's attendances at those meetings is given below:

<u>Director</u>	<u>Monthly</u>	<u>Held Whilst In Office</u>
Kevin Colman	12	12
William Vidal	12	12
Carl Rumph	12	12
Alan Perkins	12	12
Ian Hollings	12	12
Raymond Choice (Resigned at AGM)	3	4
Anne Cheetham (Resigned at AGM)	3	4
Sharon Williams	11	12
Greg Patteson	11	12

DIRECTORS' REPORT (Cont.)

14. Property Report

The Directors have determined that all property of the Co-operative shall be classified as follows in accordance with section 41J of the Registered Clubs Acts 1976 :-

Non-Core Property: - The rental property situated at 1 Kenneth Parade, Lemon Tree Passage
- The land situated at 18-24 Gould Drive, Lemon Tree Passage
- The land situated 25 Kenneth Parade, Lemon Tree Passage
- The land situated at 53 - 57 Meredith Avenue, Lemon Tree Passage

Core Property: - Licensed Club, Carpark and Bowling Greens encompassing 23 Kenneth Parade and Lot 170 Gould Drive, Lemon Tree Passage



Kevin Colman - President



William Vidal - Vice President

Date: 10 September 2019



Business Advisers and Accountants

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
LEMON TREE PASSAGE BOWLING CLUB CO-OPERATIVE LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been:

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

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

Brent Perkins - Partner

A handwritten signature in black ink, appearing to read 'DFK Crosbie Partners'.

DFK Crosbie Partners
Chartered Accountants

**Date: 10 September 2019
Newcastle West, NSW**

LEMON TREE PASSAGE BOWLING CLUB CO-OPERATIVE LIMITED

INDEPENDENT AUDIT REPORT TO MEMBERS

To the Members of Lemon Tree Passage Bowling Club Co-operative Limited

Report on the Financial Report

Opinion

We have audited the financial report of Lemon Tree Passage Bowling Club Co-operative Limited (the Co-Operative), which comprises the statement of financial position as at 30 June 2019 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cashflows for the year then ended including, other explanatory notes, a summary of significant accounting policies and the Directors' declaration.

In our opinion the accompanying financial report of Lemon Tree Passage Bowling Club Co-operative Limited is in accordance with the Co-operatives National Law 2014 (NSW), including:

- (i) giving a true and fair view of the Co-operative's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Co-operatives National Regulations (NSW).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Co-operative in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the Directors for the Financial Report

The Directors of the Co-operative are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Co-operatives National Law 2014 (NSW) and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Co-operative'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 Co-operative or to cease operations, or have no realistic alternative but to do so.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Co-operative's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. The other information provided at the date of this report comprises the Presidents Report.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

dfk crosbie

Business Advisers and Accountants

LEMON TREE PASSAGE BOWLING CLUB CO-OPERATIVE LIMITED

INDEPENDENT AUDIT REPORT TO MEMBERS

Auditor's Responsibilities for the Audit of the Financial Report

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

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



Brent Perkins - Partner



DFK Crosbie Partners
Chartered Accountants

Date: 10 September 2019
Newcastle West, NSW

DIRECTORS' DECLARATION

The Directors of the Co-operative declare that:

- 1 The financial statements and notes, as set out on pages 9 to 19 are in accordance with the Co-operatives National Law 2014 (NSW) including:
 - (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Co-operatives National Regulations (NSW) and other mandatory reporting requirements; and
 - (b) giving a true and fair view of the financial position of the Co-operative as at 30 June 2019 and of its performance for the year ended on that date.
- 2 There are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and signed for on behalf of the Directors by:



Kevin Colman - President



William Vidal - Vice President

Date: 10 September 2019

LEMON TREE PASSAGE BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 84 570 698 446)

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and Cash Equivalents	7	177,859	183,734
Trade Receivables	8	41,189	46,785
Inventories	9	35,747	39,215
Financial Assets at Amortised Cost	10	156,017	226,331
Other Assets	11	70,325	75,031
TOTAL CURRENT ASSETS		481,137	571,096
NON-CURRENT ASSETS			
Property, Plant and Equipment	12	4,129,468	4,427,202
Investment Properties	13	405,000	375,000
Intangible Assets	14	36,000	36,000
TOTAL NON-CURRENT ASSETS		4,570,468	4,838,202
TOTAL ASSETS		5,051,605	5,409,298
CURRENT LIABILITIES			
Trade and Other Payables	15	368,839	333,385
Financial Liabilities	16	368,856	560,178
Provisions	17	139,680	142,080
Other Liabilities	18	14,348	13,663
TOTAL CURRENT LIABILITIES		891,723	1,049,306
NON-CURRENT LIABILITIES			
Financial Liabilities	16	21,630	81,528
Provisions	17	22,008	20,999
Other Liabilities	18	6,223	7,968
TOTAL NON-CURRENT LIABILITIES		49,861	110,495
TOTAL LIABILITIES		941,584	1,159,801
NET ASSETS		4,110,021	4,249,497
MEMBERS' FUNDS			
Reserves	19	9,783	9,783
Accumulated Profits		4,100,238	4,239,714
TOTAL MEMBERS' FUNDS		4,110,021	4,249,497

To be read in conjunction with the notes to the Financial Statements

LEMON TREE PASSAGE BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 84 570 698 446)

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

Note	2019 \$	2018 \$
Bar Sales	1,202,926	1,261,031
Cost of Goods Sold	488,276	511,280
Bar Gross Profit	714,650	749,751
Coffee Shop Sales	49,793	50,517
Cost of Goods Sold	32,178	27,340
Coffee Shop Gross Profit	17,615	23,177
Poker Machine Net Revenue	2,501,044	2,646,450
Keno & TAB Commission	93,764	82,929
Bowling Operations Income	34,043	34,705
Raffle and Bingo Income	183,520	174,284
Interest Received	5,567	5,796
Rent Received	47,399	46,199
Fair Value Adjustment Investment Property 13	30,000	-
Other Income	103,239	136,743
Total Income 5	3,730,841	3,900,034
Expenses		
Bar Direct Expenses	403,038	421,425
Poker Machine Direct Expenses	944,168	942,255
Keno & TAB Direct Expenses	115,702	117,291
Bowling Operations Direct Expenses	144,926	143,398
Finance Costs	31,753	48,019
Members Amenities	582,037	591,102
Clubhouse Expenses	724,745	729,902
Administration Expenses	923,948	860,788
Total Expenses	3,870,317	3,854,180
Net Profit/(Loss) Before Income Tax 6	(139,476)	45,854
Income Tax Expense 1	-	-
Net Profit/(Loss) After Income Tax	(139,476)	45,854
Other Comprehensive Income	-	-
Total Comprehensive Income / (Loss)	(139,476)	45,854

To be read in conjunction with the notes to the Financial Statements

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2019

Note	2019 \$	2018 \$
Cash Flows from Operating Activities		
Receipts from Members and Guests	4,676,352	4,790,893
Payments to Suppliers and Employees	(4,244,877)	(4,142,061)
Interest Received	5,567	5,796
Interest Paid	(31,753)	(48,019)
<i>Net Cash Flows provided by (used in)</i> <i>Operating Activities</i>	405,289	606,609
Cash Flows from Investing Activities		
Proceeds from the Sale of Plant and Equipment	12,820	31,216
Payments for Property, Plant and Equipment	(240,188)	(755,234)
Transfer from/(to) Investments	67,424	(9,746)
<i>Net Cash Flows provided by (used in)</i> <i>Investing Activities</i>	(159,944)	(733,764)
Cash Flows from Financing Activities		
Proceeds from Borrowings	122,726	163,702
Repayments of Borrowings	(373,946)	(333,690)
<i>Net Cash Flows provided by (used in)</i> <i>Financing Activities</i>	(251,220)	(169,988)
Net Increase/(Decrease) in Cash Held	(5,875)	(297,143)
Cash Equivalents at the Beginning of the Financial Year	183,734	480,877
Cash Equivalents at the End of the Financial Year	7 177,859	183,734

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Accumulated \$	Reserves \$	Total \$
Balance as at 1 July 2017		4,193,860	9,783	4,203,643
Net profit/(loss) for the year		45,854	-	45,854
Balance as at 30 June 2018		4,239,714	9,783	4,249,497
Net profit/(loss) for the year		(139,476)	-	(139,476)
Balance as at 30 June 2019	19	<u>4,100,238</u>	<u>9,783</u>	<u>4,110,021</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 Statement of Significant Accounting Policies

Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with applicable Australian Accounting Standards - Reduced Disclosure Requirements, other mandatory professional requirements and other authoritative pronouncements and the Co-operatives National Law 2014 (NSW). Lemon Tree Passage Bowling Club Co-operative is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on the basis of historical costs, except for investment properties which have been measured at fair value. The financial report is presented in Australian Dollars.

The following is a summary of the significant accounting policies adopted by the Co-operative in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Co-operative and the revenue can be reliably measured.

Sales revenue comprises the revenue earned from the provision of products or services to entities outside the Co-operative.

Interest income is recognised as it accrues.

The gross proceeds on the disposal of assets are brought to account at the date an unconditional contract is signed.

Other revenue is recognised as it accrues.

Income Tax

The Co-operative was granted exemption from income tax under Section 50-45 of the Income Tax Assessment Act (1997), such that the exemption will apply so long as the Co-operative's activities and objectives do not change.

Statement of Compliance

The financial report complies with Australian Accounting Standards - Reduced Disclosure Standards as issued by the Australian Accounting Standards Board (AASB), being AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

Cash and Cash Equivalents

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

Trade Receivables

Trade receivables are recognised initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Co-operative holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost. Trade receivables are generally due within 30 days from the date of recognition.

Inventories

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

Financial Assets

Financial Assets at Amortised Cost

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

Intangible Assets

Intangible assets acquired separately are capitalised at cost, the useful lives of these intangible assets are assessed to be either finite or indefinite. Those with finite lives are amortised over that period on a straight line basis. Intangible assets are tested annually for impairment and where an indicator for impairment exists.

Investment Properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changes in the fair values of the investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

Investment properties are no longer recognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the statement of profit or loss and other comprehensive income in that year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment in value.

Property, Plant and Equipment and Poker Machines are depreciated so as to write-off the assets over their estimated economic life to the Co-operative. Rates used are as follows:-

Buildings and Improvements	2.5 to 20 %
Plant and Equipment	5 to 40 %
Poker Machines	20 to 33.33%

Impairment

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

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

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

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

Impairment losses are recognised in the statement of profit or loss and other comprehensive income in the administration expense line item.

Trade and Other Payables

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

Borrowing Costs

Borrowing Costs are recognised as an expense when incurred.

Employee Benefits**Short Term**

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Long Term

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

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Goods and Services Tax

Revenues, 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 Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The amount of GST recoverable or payable to the ATO is included as a current asset or current liability in the statement of financial position. Cash flows are included in the Statement of Cashflows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

Comparative Information

Comparative information has been adjusted to reflect current year disclosures.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**2 Deficiency in Working Capital and operating losses**

The Co-operative has a deficiency in working capital with current assets of \$481,137 compared to current liabilities of \$891,723 representing a deficiency in working capital of \$410,586 (2018: \$478,210). Current liabilities includes;

- a) the entire NAB loan balance of \$267,340 as the Co-operative does not have an unconditional right to defer settlement for a period of at least 12 months, however the Directors do not expect to be required to repay the full drawn amount on the facility within the next 12 months.
- b) employee leave entitlements of \$133,489, however the Directors do not expect to be required to settle the full amount owing to employees within the next 12 months.

The Directors have formed the opinion that the going concern basis is appropriate, given the following:

- a) The Co-operative has recorded positive operating cashflows of \$405,289 in the current year.
- b) The Directors consider that trading conditions will improve, while continued controlling of costs is also anticipated and it is expected the Co-operative will generate sufficient cashflow to cover immediate obligations.
- c) The Co-operative expects to continue to receive support from its financiers and suppliers.
- d) The Co-operative has an unused asset finance leasing facility of \$241,246 as at 30 June 2019.

3 Other Information

The Co-operative, being incorporated in New South Wales, Australia under the Co-operatives National Law 2014 (NSW) has its registered office and principal place of business at Gould Drive, Lemon Tree Passage. The Co-operative does not have share capital.

4 Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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

Significant accounting estimates and assumptions

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Useful lives of non-current assets

The useful life of Property, Plant and Equipment is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence.

The useful life of Poker Machine Entitlements classified as an intangible asset has been assessed as indefinite. There is uncertainty in relation to this assumption as it is based on current legislation and conditions attached to the entitlements.

The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the Statement of Profit or Loss and Other Comprehensive Income should they change.

Impairment of non-current assets

Impairment testing of non-current assets is performed where indicators of impairment exist. In assessing impairment, estimates are made of the recoverable amount of each asset or cash generating unit based on discounted expected future cash flows discounted or estimated replacement cost. Estimation uncertainty exists in relation to assumptions regarding future operating results and cash flows, determination of an appropriate discount rate and estimated current replacement cost of the asset.

Fair Value of Investment Properties

The fair value of investment properties is estimated at each reporting date, based on independent assessments of the market value of the properties and the best available knowledge of current market prices. Estimation uncertainty exists and is related to the various assumptions used in determining the fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
5 Operating Revenue		
Bar Sales	1,202,926	1,261,031
Poker Machine Net Revenue	2,501,044	2,646,450
Interest	5,567	5,796
Club Keno Commission	71,472	65,316
Tab Commission	22,292	17,613
Bowls Income	34,043	34,705
Raffle and Bingo Income	183,520	174,284
Coffee Income	49,793	50,517
Rent Received	47,399	46,199
Other	133,239	136,743
Total	<u>4,251,295</u>	<u>4,438,654</u>
6 Operating Profit/(Loss)		
Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:-		
Credits		
Interest Received/Receivable	5,567	5,796
Profit on Sale of Fixed Assets	12,820	28,215
Change in Fair Value of Investment Property	30,000	-
Charges		
Depreciation - Poker Machines	240,459	232,420
- Plant	92,045	80,860
Amortisation - Buildings	163,270	160,777
Loss on Sale of Assets	1,474	7,194
Employee Benefits		
- Wages	926,160	866,017
- Leave Provisions	1,716	43,449
- Superannuation	90,144	86,756
	<u>1,018,020</u>	<u>996,222</u>
7 Cash and Cash Equivalents		
Cash and Cash Equivalents	<u>177,859</u>	<u>183,734</u>
	<u>177,859</u>	<u>183,734</u>
8 Trade Receivables		
Current		
Debtors Trade	41,189	46,785
	<u>41,189</u>	<u>46,785</u>
9 Inventories		
Stock on Hand - Bar	32,038	35,068
Stock on Hand - Bowling Merchandise	3,709	4,147
	<u>35,747</u>	<u>39,215</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
10 Financial Assets at Amortised Costs		
Term Deposits > 3 Months	150,000	217,424
Accrued Income	497	3,387
Deposits	5,520	5,520
	156,017	226,331

The Co-operative has adopted AASB 9 Financial Instruments from 1 January 2018 . AASB 9 replaces the provisions of AASB 139 relating to the recognition, classification and measurement of financial assets and financial liabilities. In accordance with the transitional provisions in AASB 9 the standard has been applied retrospectively resulting in the restatement of comparative figures. There was no impact on the measurement and recognition of the Co-operative's financial assets resulting from the adoption of AASB 9. The Co-operative has assessed the classification of the financial assets which has resulted in changes in the classification of the following financial assets on the statement of financial position:

- Deposits were reclassified from cash and cash equivalents to financial assets at amortised costs.
- Accrued income has been reclassified from trade and other receivables to financial assets at amortised costs.
- Term deposits were reclassified from held to maturity investments to financial assets at amortised cost.

The accounting policies in Note 1 have been updated to reflect the adoption of AASB 9.

11 Other Assets		
Current		
Prepayments	68,524	75,031
Clearing Accounts	1,801	-
	70,325	75,031

12 Property, Plant and Equipment

	Building, Land and Improvements	Plant & Equipment	Poker Machines	Total
	\$	\$	\$	\$
Year ended 30 June 2019				
At 1 July 2018,				
Net of Accumulated Depreciation/Amortisation	3,287,182	552,441	587,578	4,427,201
Additions	36,521	42,736	120,258	199,515
Disposals	-	-	(1,474)	(1,474)
Depreciation/Amortisation	(163,270)	(92,045)	(240,459)	(495,774)
At 30 June 2019				
Net of Accumulated Depreciation/Amortisation	3,160,433	503,132	465,903	4,129,468
 At 1 July 2018				
Cost or Fair Value	5,341,689	2,173,525	2,320,470	9,835,684
Accumulated Depreciation/Amortisation	(2,054,506)	(1,621,084)	(1,732,892)	(5,408,482)
Net Carrying Amount	3,287,183	552,441	587,578	4,427,202
 At 30 June 2019				
Cost or Fair Value	5,378,209	2,216,260	2,382,551	9,977,020
Accumulated Depreciation/Amortisation	(2,217,776)	(1,713,128)	(1,916,648)	(5,847,552)
Net Carrying Amount	3,160,433	503,132	465,903	4,129,468

13 Investment Properties		
Opening Balance at 1 July	375,000	375,000
Net change from fair value adjustment	30,000	-
Closing Balance 30 June	405,000	375,000

Investment properties are stated at fair value, which has been determined based on a market appraisal performed by Coastal Real Estate and Property Management as at 30 June 2019.

Coastal Real Estate and Property Management frequently assess the market values for properties similar to those held by the Co-Operative in the same area, having regard to past sales prices of other properties and current market conditions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
14 Intangible Assets		
Poker Machine Entitlements	36,000	36,000
	36,000	36,000
15 Trade and Other Payables		
Current		
Trade Creditors	254,261	207,774
Other Creditors & Accruals	61,497	69,579
GST Liabilities	53,081	56,032
	368,839	333,385
16 Financial Liabilities		
Current		
Cash and cash equivalents	14	-
Insurance Loan	29,403	27,193
Hire Purchase Liabilities	60,004	55,845
Lease Liabilities	-	6,536
Credit Card - NAB	12,095	8,000
Loan - NAB (Secured)	267,340	445,600
CRT Liability	-	17,004
	368,856	560,178
Non-Current		
Hire Purchase Liabilities	21,630	81,528
	21,630	81,528
<p>Hire purchase and lease liabilities are secured by the assets to which they relate.</p> <p>The Co-operative has a business loan of \$267,340 with the NAB which is secured by:</p> <ul style="list-style-type: none"> - Registered Mortgages over the properties in Gould Drive, Kenneth Parade and Meredith Avenue, Lemon Tree Passage NSW. - a Fixed and Floating charge over the present and future rights, property and undertakings of the Co-operative. - a covenant is held over 25 Kenneth Parade and Gould Drive properties, Lemon Tree Passage NSW. 		
17 Provisions		
Current		
Provision for Annual Leave	104,457	105,711
Provision for Long Service Leave	29,032	27,071
Provision for Poker Machine Jackpots	6,191	9,298
	139,680	142,080
Non Current		
Provision for Long Service Leave	22,008	20,999
	22,008	20,999
18 Other Liabilities		
Current		
Subscriptions in Advance	14,348	13,663
	14,348	13,663
Non-Current		
Subscriptions in Advance	7,655	9,400
Gaming Tax Rebate	(1,432)	(1,432)
	6,223	7,968
19 Reserves		
Asset Revaluation Reserve	9,783	9,783
	9,783	9,783

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	\$	\$
20 Related Parties		
The names of persons who were Directors of the Co-operative at any time during the year are as they appear in the attached Directors Report.		
Key Management Personnel		
The totals of remuneration paid to Key Management Personnel of the Co-operative during the years was as follows:		
Short-term employment benefits	143,027	155,072
Long-term employment benefits	3,280	3,453
Post-employment benefits	11,048	10,179
	<u>157,355</u>	<u>168,704</u>
21 Commitments for Expenditure		
a) Hire Purchase Commitments		
Commitments in relation to Hire Purchase Agreements are payable as follows:		
Not later than one year	62,164	62,164
Later than one year and not later than five	24,320	79,287
Later than five years	-	-
Total Minimum Payment	<u>86,484</u>	<u>141,451</u>
Less: Amounts representing Finance Charges	<u>(4,850)</u>	<u>(4,078)</u>
Present Value of Minimum Payment	<u>81,634</u>	<u>137,373</u>
b) Rental Agreements		
Total commitments in respect of rental agreements are as follows:-		
Payable not later than one year	26,980	26,160
Later than one year but not later than five years	6,490	2,180
	<u>33,470</u>	<u>28,340</u>
c) Capital Commitments		
The Co-operative has no capital commitments for the current year.		
22 Contingent Liabilities		
Estimates of the potential effect of contingent liabilities that may become payable are as follows:		
Members bonus points	7,190	11,785
TAB Deposit	5,520	5,520
	<u>12,710</u>	<u>17,305</u>