FRATERNITY BOWLING AND RECREATION CLUB LIMITED

ABN: 56 001 005 545

Financial Report For The Year Ended 30 June 2019

Fraternity Bowling and Recreation Club Limited

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Financial Report For The Year Ended 30 June 2019

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FRATERNITY BOWLING AND RECREATION CLUB LIMITED
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DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2019.

Directors

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

Name		Occupation
CUDA, Mick	President	Managing Director
SACCO, Concetta	Vice-President	Fraud Officer
SALUCCI, Emilio	Vice-President	Operations Manager
TREVISI, Dario		Service Project Team Leader
APOLLONI, John		Chartered Accountant
AKELE, John		Chartered Accountant
BRESOLIN, Gabriel		Retired
IANNI, James		Real Estate Agent
FERRARI, Giovanni		Operations Manager

	Board Meetings		Special Board Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
CUDA, Mick	12	12	1	1
SACCO, Concetta	12	12	1	1
SALUCCI, Emilio	12	11	1	1
TREVISI, Dario	12	12	1	1
APOLLONI, John	12	10	1	1
AKELE, John	12	10	1	1
BRESOLIN, Gabriel	12	12	1	1
IANNI, James	12	11	1	1
FERRARI, Giovanni	12	11	1	0

Over the course of the year, The Club Directors attended further special meetings of a formal and informal nature to assist in carrying out their portfolio duties, these meetings included but were not limited to the following areas of importance; Strategy, Financial, Operational, Safety, Cultural and Entertainment.

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

Company Secretary

The following person held the position of company secretary at the end of financial year:
Gregory Field was appointed company secretary on 29 November 2016.

Review of Operations

The profit of the company for the financial year after providing for income tax amounted to $1,527,171.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the company during the financial year was that of a registered club. No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year.

Future Developments, Prospects and Business Strategies

The club will continue to focus on delivering exceptional product and service in a family friendly customer service oriented environment.
The Board will continue to review strategy and work on the governance model to ensure the club meets and exceeds industry best practice parameters.
The club uses industry accepted KPIs to monitor performance in terms of service delivery to members, financial results and liquidity levels.

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545
DIRECTORS' REPORT

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company with the exception of directors and officers insurance of $4,568 (Inclusive of GST).

Directors' Entitlements

No director has received or become entitled to receive, during or since the end of financial year, a benefit because of a contract made by the company or a related body corporate with the director, a firm of which a director is a member or an entity in which a director has a substantial financial interest with the exception of:

- Office National Wollongong of which Mick Cuda is a director supplied stationery to the Club:
Total supplies for the year GST inclusive: $8,009 (2018: $20,982).

Members Guarantee

The company is limited by guarantee. If the company is wound up, the articles of association state that each member is required to contribute a maximum of $2 each. At 30 June 2019 the number of members was 15,522 (2018: 13,502) as follows:

- Foundation members	30	- Junior members	2
- Perpetual members	4	- Gold members	128
- Full members	12,174	- Silver members	16
- Associate members	3,165	- Life members	3
		Total members	15,522

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.

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director ____________________
CUDA, Mick

Director ____________________
APOLLONI, John

Dated this 03rd day of October 2019

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FRATERNITY BOWLING AND RECREATION CLUB LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Fraternity Bowling and Recreation Club Limited. As the lead audit partner for the audit of the financial report of Fraternity Bowling and Recreation Club Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of 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 O'DONNELL HENNESSY & CO

Principal Auditor ANGELA WANG

Date 03rd October 2019

Address WOLLONGONG

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Sales revenue	2	15,464,091	13,750,216
Other income	2	142,134	117,833
Employee benefits expense		(5,147,777)	(4,594,384)
Cost of goods sold		(2,802,768)	(2,469,839)
Depreciation and amortisation expense		(974,376)	(899,302)
Finance costs	3	(258,962)	(300,973)
Other expenses		(4,895,171)	(4,488,201)
Profit before income tax		1,527,171	1,115,350
Income tax (expense)	4	-	-
Profit for the year		1,527,171	1,115,350
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Increase on revaluation of land and buildings		7,304,165	-
Total other comprehensive income for the year		7,304,165	-
Total comprehensive income for the year		8,831,336	1,115,350

The accompanying notes form part of these financial statements.

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,144,042	1,732,082
Trade and other receivables	7	37,583	35,210
Inventories	8	163,922	170,759
Other current assets	9	117,029	125,020
TOTAL CURRENT ASSETS		1,462,576	2,063,071
NON-CURRENT ASSETS			
Financial assets	10	10,750	10,750
Property, plant and equipment	11	21,334,983	13,923,607
Intangible assets	12	400,000	-
TOTAL NON-CURRENT ASSETS		21,745,733	13,934,357
TOTAL ASSETS		23,208,309	15,997,428
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	923,321	881,739
Borrowings	14	673,529	730,885
Provisions	15	428,172	453,458
Income in advance		19,579	15,010
TOTAL CURRENT LIABILITIES		2,044,601	2,081,092
NON-CURRENT LIABILITIES			
Borrowings	14	3,356,035	4,914,428
Provisions	15	79,480	105,051
TOTAL NON-CURRENT LIABILITIES		3,435,515	5,019,479
TOTAL LIABILITIES		5,480,116	7,100,571
NET ASSETS		17,728,193	8,896,857
EQUITY			
Reserves		13,457,317	6,153,152
Retained earnings		4,270,876	2,743,705
TOTAL EQUITY		17,728,193	8,896,857

The accompanying notes form part of these financial statements.

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Retained Earnings (accumulated losses)	Reserves: Revaluation Surplus	Total
	$	$	$
Balance at 1 July 2017	1,628,355	6,153,152	7,781,507
Comprehensive income			
Profit for the year	1,115,350	-	1,115,350
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	1,115,350	-	1,115,350
Balance at 30 June 2018	2,743,705	6,153,152	8,896,857
Balance at 1 July 2018	2,743,705	6,153,152	8,896,857
Comprehensive income			
Profit for the year	1,527,171	-	1,527,171
Other comprehensive income for the year	-	7,304,165	7,304,165
Total comprehensive income for the year	1,527,171	7,304,165	8,831,336
Balance at 30 June 2019	4,270,876	13,457,317	17,728,193

The accompanying notes form part of these financial statements.

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		15,547,132	13,825,864
Payments to suppliers and employees		(12,835,594)	(11,618,291)
Interest received		6,820	6,121
Finance cost		(258,962)	(300,973)
Net cash provided by operating activities	18(a)	2,459,396	1,912,721
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		55,280	66,460
Purchase of poker machine licences		(400,000)	-
Purchase of property, plant and equipment		(1,086,967)	(1,065,059)
Net cash (used in)/provided by investing activities		(1,431,687)	(998,599)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings - other		-	153,078
Repayment of borrowings - other		(1,615,749)	(933,519)
Net cash provided by/(used in) financing activities		(1,615,749)	(780,441)
Net increase/(decrease) in cash held		(588,040)	133,681
Cash and cash equivalents at beginning of financial year		1,732,082	1,598,401
Cash and cash equivalents at end of financial year	6	1,144,042	1,732,082

The accompanying notes form part of these financial statements.

These financial statements and notes represent Fraternity Bowling and Recreation Club Limited. Fraternity Bowling and Recreation Club Limited is a company limited by guarantees, incorporated and domiciled in Australia.

Note 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 – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board 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 the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for 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.

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Inventories

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

(d) 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 losses.

Property

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

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

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

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 the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

The cost of fixed assets constructed includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

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 company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	**Depreciation Rate**
Buildings	2%
Plant and equipment	10-100%
Poker machines	40%

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

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

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

(e) 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 entities, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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.

(f) Financial Instruments

Initial Recognition and Measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.16.

Classification and Subsequent Measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The *effective interest method* is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

— the right to receive cash flows from the asset has expired or been transferred;
— all risk and rewards of ownership of the asset have been substantially transferred; and
— the Company no longer controls the asset (ie it has no practical ability to make a unilateral decision to sell the asset to a third party).

Impairment

The Company recognises a loss allowance for expected credit losses on:

— financial assets that are measured at amortised cost or fair value through other comprehensive income;
— lease receivables;
— contract assets (eg amounts due from customers under contracts);
— loan commitments that are not measured at fair value through profit or loss; and
— financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

— financial assets measured at fair value through profit or loss; or
— equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9:

— the general approach
— the simplified approach
— the purchased or originated credit impaired approach; and
— low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Company assesses whether the financial instruments are credit-impaired, and:

— if the credit risk of the financial instrument has increased significantly since initial recognition, the Company measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
— if there is no significant increase in credit risk since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

— trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers that contain a significant financing component; and
— lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

(g) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. 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 of disposal 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 revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other 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, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Intangible Assets Other than Goodwill

Intangible assets required separately are initially measured at cost. The cost of an intangible asset acquired is its fair value at the date of acquisition. Following initial recognition, intangible assetes are carried at cost less any scheduled amortisation and impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the profit and loss statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and thus accounted for on a prospective basis.

(i) Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 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.

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements 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. Other long-term employee benefits 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 corporate 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 as part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current provisions 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 provisions.

(j) Provisions

Provisions are recognised when the company 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 are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) 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.

(l) Revenue Recognition

The Company has applied AASB 15 using the cumulative effective method. Therefore the comparative information has not been restated and continues to be presented under AASB 118 and AASB 111. The details of accounting policies under AASB 118 and AASB 111 are disclosed separately if they are different from those under AASB 15, and the impact of changes is disclosed in Note 3.

In the comparative period

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration was deferred, it was treated as the provision of financing and was discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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

Revenue from rendering of services is recognised in proportion to the stage of completion of the work performed at the reporting date.

Interest income is recognised using the effective interest method.

(m) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(h) for further discussion on determination of impairment losses.

(n) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company 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.

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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.

(q) Comparative Figures

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(r) 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.

Key Estimates

(i) Impairment

The company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgements

(i) Employee Benefits

For the purpose of measurement, AASB 119: Employee Benefits 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 service. 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 following 12-month period, obligations for annual leave entitlements are classified under AASB 119 as other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

(ii) Provision for Impairment of Receivables

No provision for impairment has been made.

(iii) Poker machine licences

The entity holds poker machine licences either acquired through a past business combination or granted at no consideration by the NSW Government. AIFRS requires that licences outside of a pre-AIFRS transaction business combination be recognised initially at its fair value as at the date it was granted with a corresponding adjustment to the profit and loss statement to recognise the grant immediately as income. Prior to new gaming legislation taking effect in April 2002 allowing poker machine licences to be traded for the first time, the entity has determined that fair value at grant date for licences granted pre-April 2002 was zero. Should licences be granted to the entity post April 2002 they will be initially recognised at their fair value. The entity has determined that the market value for poker machine licences does not meet the definition of an active market and consequently licences recognised will not be revalued each year.

(s) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the copmany but applicable in future reporting periods is set out below:

— AASB 16 *Leases*

A core change under AASB 16: Leases is that most leases will be recognised on the balance sheet by lessees, as the new Standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance to this new standard. There are, however, two exceptions allowed being short-term and low-value leases.

Basis of preparation

The accounting for the Company's operating leases will be primarily affected by this new standard.

AASB 16 will be applied by the entity from its mandatory adoption date of 1 July 2018. The comparative amounts for the year prior to first adoption will not be restated as the entity has chosen to apply AASB 16 retrospectively with cumulative effect. The simplified transition approach will be the Company's chosen approach, and thus the comparative amounts for the year prior to first adoption will not be restated. While the right-of-use assets for property leases will be measured on transition as if the new rules had always been applied, all other right-of-use assets will be measured at the amount of the lease liability on adoption (after adjustments for any prepaid or accrued lease expenses).

Note 2 Revenue and Other Income

The Company has recognised the following amounts relating to revenue in the statement of profit or loss.

	2019 $	2018 $
(a) Sales revenue:		
— Bar sales	2,101,578	1,850,941
— Food & catering sales	5,463,643	4,699,997
— Poker machine revenue	6,969,595	6,245,876
— Members subscriptions	39,957	86,247
— Social and entertainment income	567,964	547,923
— Bowlers and sports income	35,645	40,646
— Commission & rebate income	278,889	272,465
Total sales revenue	15,457,271	13,744,095
(b) Other sources of revenue		
Total interests	6,820	6,121
Total other sources revenue	6,820	6,121
(c) Other income		
— Gain on disposal of property, plant and equipment	49,900	45,700
— Rental income	69,974	51,998
— Poker Machine GST compensation	17,180	17,180
— Other income	5,080	2,955
Total other income	142,134	117,833

Note 3 Profit before Income Tax

	2019 $	2018 $
(a) Expenses		
Cost of sales	2,802,768	2,469,839
Interest expense for financial liabilities not at fair value through profit or loss		
— external entities	258,962	300,973
Total finance costs	258,962	300,973
Employee benefits expense	5,147,777	4,594,384
Other expenses:		
— Poker machine tax	1,408,600	1,222,740
— Advertising & promotional expenses	489,263	505,779
— Donations	199,946	187,981
— Maintenance costs	270,267	246,351
— Entertainment expenses	665,077	607,464
— Members expenses	24,273	17,126
— Administration costs	1,365,968	1,285,367
— Bar indirect expenses	9,809	10,958
— Catering indirect expenses	124,716	113,524
— Gaming indirect expenses	337,252	290,911
Total other expenses	4,895,171	4,488,201

Note 4 Income Tax Expense

	2019 $	2018 $
The club pays tax on income derived other than from members. The club has accumulated tax losses. The income tax position is as follows:		
Future income tax benefits not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur:		
— tax losses prior years	86,293	54,105
— current year (income tax gain)/tax loss	41,997	32,188
— timing differences	15,330	2,019
	143,620	88,312

Note 5 Key Management Personnel Compensation

CUDA, Mick	Director (honorarium)
APOLLONI, John	Director (honorarium)
SALUCCI, Emilio	Director (honorarium)
TREVISI, Dario	Director (honorarium)
SACCO, Concetta	Director (honorarium)
AKELE, John	Director (honorarium)
BRESOLIN, Gabriel	Director (honorarium)
IANNI, James	Director (honorarium)
FERRARI, Giovanni	Director (No remuneration)
FIELD, Greg	Secretary/General Manager (Remunerated)

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

	2019	2018
	$	$
Key management personnel compensation	186,928	168,313
	186,928	168,313

Other KMP Transactions

For details of other transactions with KMP, refer to Note 20: Related Party Transactions.

Note 6 Cash and Cash Equivalents

	2019	2018
CURRENT	$	$
Cash at bank and on hand	869,042	1,457,082
Cash on hand	275,000	275,000
	1,144,042	1,732,082

The funding of $512,394 was held for exclusive coverage of employee entitlements only as at 30th June 2019.

Note 7 Trade and Other Receivables

	2019	2018
	$	$
CURRENT		
Trade receivables	20,261	18,030
Other receivables	17,322	17,180
Total current trade and other receivables	37,583	35,210

Note 8 Inventories

	2019	2018
	$	$
CURRENT		
At cost:		
Stock on hand	163,922	170,759
	163,922	170,759

Note 9 Other Assets

	2019	2018
	$	$
CURRENT		
Prepayments	117,029	125,020
	117,029	125,020

Note 10 Financial Assets

	Note	2019	2018
		$	$
NON-CURRENT			
Listed investments:			
— shares in listed corporations		10,000	10,000
— other investments		750	750
Total Non-current Assets	21	10,750	10,750

Note 11 Property, Plant and Equipment

	2019 $	2018 $
LAND AND BUILDINGS		
Freehold land at:		
— independent valuation 2019	4,210,470	687,078
— Freehold land - at cost	879,530	879,530
— Freehold land 15 Bourke Street - at cost	310,000	310,000
Total land	5,400,000	1,876,608
Buildings at:		
— independent valuation 2019	9,007,649	5,226,876
— at cost	17,622,763	17,101,730
— Reduction in fair market value of land and buildings	(8,088,969)	(8,088,969)
Accumulated depreciation	(4,570,210)	(4,301,613)
Total buildings	13,971,233	9,938,024
Total land and buildings	19,371,233	11,814,632
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	4,535,919	4,073,041
Accumulated depreciation	(3,356,230)	(2,797,733)
	1,179,689	1,275,308
Poker machines		
At cost	2,920,491	3,270,503
Accumulated depreciation	(2,195,516)	(2,503,822)
	724,975	766,681
Motor vehicles		
At cost	21,644	21,644
Accumulated depreciation	(21,497)	(21,455)
	147	189
Utensils & crockery		
At cost	93,509	83,496
Accumulated depreciation	(34,570)	(16,699)
	58,939	66,797
Total plant and equipment	1,963,750	2,108,975
Total property, plant and equipment	21,334,983	13,923,607

(a) Movements in carrying amounts

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

	Freehold Land $	Buildings $	Plant and Equipment, Poker Machines and Motor Vehicles $	Total $
Balance at 1 July 2017	1,876,608	9,632,222	2,269,780	13,778,610
Additions	-	556,379	508,680	1,065,059
Disposals - written down value	-	-	(23,963)	(23,963)
Depreciation expense	-	(250,577)	(645,522)	(896,099)
Carrying amount at 30 June 2018	1,876,608	9,938,024	2,108,975	13,923,607
Additions	-	521,017	565,950	1,086,967
Disposals - written down value	-	-	(5,380)	(5,380)
Revaluation increments/(decrements)	3,523,392	3,780,773	-	7,304,165
Depreciation expense	-	(268,581)	(705,795)	(974,376)
Carrying amount at 30 June 2019	5,400,000	13,971,233	1,963,750	21,334,983

(b) Asset revaluations

Buildings

Land and buildings are carried in the balance sheet at fair value less accumulated impairments and applicable depreciation.

Land and buildings were independently valued on 24th May 2019 at market value of $19,400,000 (Land $5,400,000 and building $14,000,000) by Jeff Millar (AAPI) (Certified Practising Valuer No:67391) of Global valuation services. The valuation was determined as an appropriate figure to be used in determining the fair value in accordance with Accounting Standards AASB 116.

Note 12 Intangible Assets

	2019 $	2018 $
Poker machine entitlements		
Cost	400,000	-
Carrying amount	400,000	-

The Club purchased 15 poker machine entitlements from Wests Suburbs Leagues Club Ltd on 04th March 2019. The purchase price was $400,000 (exclusive of GST). These poker machine entitlements have been measured at cost. The cost of the entitlements acquired is its fair value at the date of acquisition. The poker machine entitlements are with indefinite useful lives and therefore, will be tested for impairment annually at the cash-generating unit level. The entitlements are not amortised.

Note 13 Trade and Other Payables

	2019 $	2018 $
CURRENT		
Unsecured liabilities		
Trade payables	164,486	257,781
Sundry payables and accrued expenses	436,427	370,087
GST payables	266,968	222,411
Gaming machines payable	55,440	31,460
	923,321	881,739

Note 14 Borrowings

	Note	2019 $	2018 $
CURRENT			
Lease liability secured	14(c), 16	17,243	26,316
Unsecured loans	14(d), 16	56,286	31,937
Finance loan secured - CBA Loan	14(b), 16	600,000	600,000
CBA business loan		-	72,632
Total current borrowings		673,529	730,885
NON-CURRENT			
Lease liability secured		-	14,428
Finance loan secured - CBA Loan	14(b), 16	3,356,035	4,900,000
Total non-current borrowings		3,356,035	4,914,428
Total borrowings	21	4,029,564	5,645,313
(a) The carrying amounts of non-current assets pledged as security are:			
Freehold land and buildings	11	19,371,233	11,814,632
Floating charge			
— trade receivables	7	20,261	18,030
		19,391,494	11,832,662

(b) As at 29th November 2016, Commonwealth bank of Australian approved a change to the terms of club's lending facility. The current facility limit is $6,400,000. The term of the facility is 3 years terminates on 02/12/2019 and the repayments are $150,000 per quarter by 11 quarters in total leaving a residual loan balance of $4,750,000. The residual loan balance is subject to be refinanced on 02/12/2019. No commitment is given or implied that Commonwealth Bank of Australia will refinance the residual balance at the facility maturity date. As at 30th June 2019, the company had a loan balance of $3,956,035 with redraw balance of $943,965 available.

The above loans were secured under First Registered Mortgage by The Fraternity Bowling and Recreation Club Ltd over Non Residential Real Property located at 11 Bourke St Fairy Meadow NSW 2519.

(c) The company has financed through an equipment loan. Total loan was $50,171 with interest payable of $2,460. The company is liable to pay $2,192.97 per month for 24 months starting on 06/03/2018. The loan was secured under first registered charge over the goods.

(d) The company has financed through Hunter Premium funding to repay insurance premium. Total loan was $126,260 with interest payable of $4,874. The company is liable to pay $11,558.84 per month for 5 instalments and $14,668 for another 5 instalments. First instalment started on 30/11/2018.

Note 15 Provisions

	2019	2018
CURRENT	$	$
Provision for annual & RDO leave	286,784	353,100
Provision for long service leave	141,388	100,358
Total current provisions	428,172	453,458
NON-CURRENT		
Provision for long service leave	79,480	105,051
Total non-current provisions	79,480	105,051

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 16 Capital and Leasing Commitments

	Note	2019 $	2018 $
(a) Finance Lease Commitments			
Payable — minimum lease payments			
— not later than 12 months		17,544	26,316
— between 12 months and five years		-	16,158
Minimum lease payments		17,544	42,474
Less future finance charges		(301)	(1,730)
Present value of minimum lease payments	14	17,243	40,744

The company has financed through an equipment loan. Total loan was $50,171 with interest payable of $2,460. The company is liable to pay $2,192.97 per month for 24 months starting on 06/03/2018. The loan was secured under first registered charge over the goods.

Note 17 Contingent Liabilities and Contingent Assets

(a) The Company has outstanding security deposit guarantees of $5,000 as at 30 June 2019 (2018: $5,000).

Note 18 Cash Flow Information

	2019 $	2018 $
(a) Reconciliation of cash flows from operating activities with profit after income tax		
Profit after income tax	1,527,171	1,115,350
Non-cash flows in profit		
— depreciation	974,376	899,302
— net gain on disposal of property, plant and equipment	(49,900)	(45,700)
Changes in assets and liabilities:		
— (increase)/decrease in trade and other receivables	(2,373)	9,636
— (increase)/decrease in inventories	6,837	(18,568)
— (increase)/decrease in other assets	7,991	(2,801)
— increase/(decrease) in trade and other payables	41,582	(56,561)
— (increase)/decrease in income in advance	4,569	(66,049)
— increase/(decrease) in provisions	(50,857)	78,112
Net cash provided by operating activities	2,459,396	1,912,721

Note 19 Events After the Reporting Period

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

Note 20 Related Party Transactions

The Company's main related parties are as follows:

(a) Key Management Personnel:

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

For details of disclosures relating to key management personnel, refer to Note 5: Key Management Personnel Compensation.

b **Transactions with related parties:**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2019 $	2018 $
i. Purchase of goods and services		
Related Parties:		
Office National Wollongong (Mick Cuda)	8,009	20,982

Note 21 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 $	2018 $
Financial Assets			
Financial assets at amortised cost:			
— Cash and cash equivalents	6	1,144,042	1,732,082
— Trade and other receivables	7	37,583	35,210
Investments:			
— listed investments	10	10,000	10,000
— unlisted investments	10	750	750
		10,750	10,750
Total Financial Assets		1,192,375	1,778,042
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	13	923,321	881,739
— Borrowings	14	4,029,564	5,645,313
Total Financial Liabilities		4,952,885	6,527,052

Note 22 Reserves

a. **Revaluation Surplus**

The revaluation surplus records revaluations of non-current assets.

Note 23 Segment Reporting

The company operates in one industry, the principal activity being that of a licensed club providing gaming bar, dining and entertainment facilities for members and their guests. It derives its income from one geographic location, i.e. Fairy Meadow.

Note 24 Members Guarantee

The company is limited by guarantee. If the company is wound up, the articles of association state that each members is required to contribute a maximum of $2.00 each. At 30th June 2019 the number of members was 15,522 (2018: 13,502).

Note 25 Additional Information Required Under the Registered Clubs Act 1976

Pursuant to Section 41J (2) of the Registered Clubs Act for the financial year ended 30 June 2019:

The following property is core property of the Club;
(i) Licensed physical premises and land to the North, South and East of the club building at 11 Bourke Street, Fairy Meadow.

The following property is non-core property of the Club;
(i) The club's main carpark to the West of the club building at 11 Bourke Street, Fairy Meadow.

Note 26 Company Details

The registered office of the company is:
Fraternity Bowling and Recreation Club Limited
11 Bourke Street, Fairy Meadow NSW 2519

The principal place of business is:
Fraternity Bowling and Recreation Club Limited
11 Bourke Street, Fairy Meadow NSW 2519

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Fraternity Bowling and Recreation Club Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 21, are in accordance with the Corporations Act 2001 and:
   (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
   (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director ____________________
CUDA, Mick

Director ____________________
APOLLONI, John

Dated this 2nd day of October 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRATERNITY BOWLING AND RECREATION CLUB LIMITED

Opinion

We have audited the financial report of Fraternity Bowling and Recreation Club Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and the directors' declaration.

In our opinion:

the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (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 Fraternity Bowling and Recreation 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.

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

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

FRATERNITY BOWLING AND RECREATION CLUB LIMITED
ABN: 56 001 005 545

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FRATERNITY BOWLING AND RECREATION CLUB LIMITED

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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's name and signature: ANGELA WANG

Name of firm: O'DONNELL HENNESSY & CO

Address: WOLLONGONG

Dated this 3rd day of October 2019