

# **Queenscliff Bowling, Tennis & Croquet Club Inc**

## **Financial Report for the Year Ended 30 April 2020**

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**Queenscliff Bowling, Tennis & Croquet Club Inc.**

**BOARD OF MANAGEMENT'S REPORT**

Your Board of Management members submit the financial report of Queenscliff Bowling, Tennis & Croquet Club Inc for the financial year ended 30 April 2020.

**Board of Management Members**

The names of Board of Management members throughout the year and at the date of this report are:

R. Merriman (Chair)	R. Warren
D. Spark	J. Anwyl
T. Pigdon (Deputy Chair)	J. Stewart
D. Saunders	

**Principal Activities**

The principal activities of the association during the financial year were to promote the sports of bowls, tennis and croquet and to provide its members with facilities to encourage participation and competition within those sports.

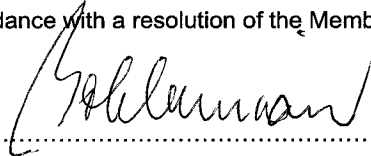
**Significant Changes**

No significant change in the nature of these activities occurred during the year.

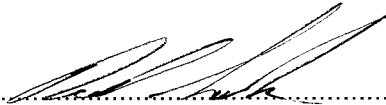
**Operating Result**

The deficit from ordinary activities amounted to \$11,251. The deficit for the previous financial year amounted to \$1,202.

Signed in accordance with a resolution of the Members of the Board.



Robert Merriman



David Saunders

Dated this 27 day of July 2020

**Queenscliff Bowling, Tennis & Croquet Club Inc.**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE YEAR ENDED 30 APRIL 2020**

	Note	2020	2019
		\$	\$
<b>TRADING REVENUE</b>			
Revenue from Restaurant	2	26,127	27,488
Revenue from Bar	3	652,592	631,684
Revenue from Clothing	4	916	2,655
Poker Machines Commission		1,212,476	1,168,729
Keno Commission		(469)	(3,293)
		<u>1,891,643</u>	<u>1,827,263</u>
<b>Less Trading Expenses</b>			
Restaurant Expenses	2	(1,953)	(1,822)
Bar Expenditure	3	(303,327)	(271,853)
Clothing Movement/Purchases	4	(1,536)	(11,058)
<b>Gross Profit from Trading</b>		<u>1,584,827</u>	<u>1,542,530</u>
<b>OTHER REVENUE</b>			
Membership Fees	5	27,806	22,556
Donations		9,027	78,694
Interest Received		321	217
Profit/(Loss) from Sale/Disposal of Plant and Equipment		-	(146)
Sundry Income		98,745	71,510
		<u>135,898</u>	<u>172,831</u>
		<u><b>1,720,725</b></u>	<u><b>1,715,361</b></u>
<b>EXPENDITURE</b>			
Administrative Expenses		(90,811)	(79,356)
Bowls/Trophies Expenses		(41,205)	(60,291)
Depreciation & Amortisation		(208,274)	(190,114)
Donations/Sponsorships		(10,471)	(47,675)
Employee Benefit Expenses		(753,723)	(691,171)
Finance Costs		(21,421)	(19,543)
Operational Expenses		(176,788)	(190,274)
Other Expenses		(27,012)	(43,180)
Promotions/Members Expenses		(21,421)	(20,923)
Repairs & Maintenance		(20,030)	(53,338)
Venue Gaming Expenses		(360,821)	(320,698)
<b>TOTAL EXPENDITURE</b>		<u><b>(1,731,976)</b></u>	<u><b>(1,716,563)</b></u>
<b>(Deficit)/Surplus for the year</b>		<u><b>(11,251)</b></u>	<u><b>(1,202)</b></u>
<b>Other Comprehensive Income for the year:</b>		-	-
<b>Total Comprehensive (Loss)/Income for the year</b>		<u><b>(11,251)</b></u>	<u><b>(1,202)</b></u>

The accompanying notes form part of these financial statements.

Queenscliff Bowling, Tennis & Croquet Club Inc.

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2020

	Note	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	6	213,097	284,514
Receivables		47,875	8,305
Inventories	7	37,173	39,054
<b>TOTAL CURRENT ASSETS</b>		<b>298,145</b>	<b>331,873</b>
<b>NON-CURRENT ASSETS</b>			
Intangible Assets	8	211,956	291,578
Right of Use Assets	9	89,511	-
Property, Plant & Equipment	10	1,389,304	1,440,746
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,690,771</b>	<b>1,732,324</b>
<b>TOTAL ASSETS</b>		<b>1,988,916</b>	<b>2,064,197</b>
<b>CURRENT LIABILITIES</b>			
Payables	11	56,647	140,803
Other Liabilities	12	8,559	18,145
Loans	13	22,423	107,955
Employee Provisions	14	137,268	113,028
Lease Liabilities	15	4,052	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>228,949</b>	<b>379,931</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease Liabilities	15	86,952	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>86,952</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>315,901</b>	<b>379,931</b>
<b>NET ASSETS</b>		<b>1,673,015</b>	<b>1,684,266</b>
<b>MEMBERS' FUNDS</b>			
Retained Surplus	16	1,667,498	1,678,749
Croquet Reserve	16	5,517	5,517
<b>TOTAL MEMBERS' FUNDS</b>		<b>1,673,015</b>	<b>1,684,266</b>

The accompanying notes form part of these financial statements.

**Queenscliff Bowling, Tennis & Croquet Club Inc.**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2020**

	Note	Croquet Reserve	Retained Earnings	Total
		\$	\$	\$
<b>Balance at 1 May 2018</b>		5,517	1,679,951	1,685,468
Deficit for the year		-	(1,202)	(1,202)
Total other comprehensive income for the year		-	-	-
<b>Balance at 30 April 2019</b>		5,517	1,678,749	1,684,266
Deficit for the year		-	(11,251)	(11,251)
Total other comprehensive income for the year		-	-	-
<b>Balance at 30 April 2020</b>	<b>16</b>	5,517	1,667,498	1,673,015

The accompanying notes form part of these financial statements.

**Queenscliff Bowling, Tennis & Croquet Club Inc.**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2020**

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from trading & members		1,987,650	2,002,029
Interest paid		(3,573)	(7,594)
Interest received		321	217
Payments to suppliers and employees		(1,891,120)	(1,779,128)
Net cash provided by operating activities	<b>17</b>	<u>93,277</u>	<u>215,523</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from property, plant and equipment		-	-
Payments for property, plant and equipment		(71,812)	(112,973)
Payments for EGM entitlements		-	(14,934)
Net cash used in investing activities		<u>(71,812)</u>	<u>(127,907)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net movement in loans		(985,532)	(52,770)
Repayment of lease liabilities		(7,350)	-
Net cash used in financing activities		<u>(92,882)</u>	<u>(52,770)</u>
Net increase in cash held		(71,417)	34,846
Cash and cash equivalents at beginning of year		284,514	249,668
<b>Cash and cash equivalents at end of year</b>	<b>6</b>	<u><u>213,097</u></u>	<u><u>284,514</u></u>

The accompanying notes form part of these financial statements.

# Queenscliff Bowling, Tennis & Croquet Club Inc.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the *Victorian Associations Incorporation Reform Act 2012*. The committee has determined that the association is not a reporting entity. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

a. **Income Tax**

No provision for income tax has been raised as the entity has self assessed it is exempt from income tax.

b. **Property, Plant and Equipment (PPE)**

Property improvements and plant and equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

Property improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

c. **Impairment of Assets**

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

d. **Employee Benefits**

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

e. **Provisions**

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

f. **Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

g. **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 Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the assets and liabilities statement are shown inclusive of GST.

h. **Inventories**

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

# Queenscliff Bowling, Tennis & Croquet Club Inc.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### i. **Accounts Receivable and Other Debtors**

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from donors. 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.

#### j. **Leases**

##### **The Association as lessee**

At inception of a contract, the Association assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Association where the Association is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Association uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Association anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

##### **Concessionary leases**

For leases that have significantly below-market terms and conditions principally to enable the Association to further its objectives (commonly known as peppercorn/concessionary leases), the Association has adopted the temporary relief under AASB 2018-8 and measures the right-of-use assets at cost on initial recognition.

#### k. **Accounts Payable and Other Creditors**

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



## Queenscliff Bowling, Tennis & Croquet Club Inc.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**l. Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable.

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

Membership Fees and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

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

**m. Comparative Figures**

Where appropriate, comparative figures have been adjusted to conform with changes in presentation for the current financial year

	2020	2019
	\$	\$
<b>NOTE 2: GROSS PROFIT FROM RESTAURANT</b>		
Catering Income	26,127	27,488
<i>Less: Restaurant Expenditure</i>		
Meal Expenses	(472)	(756)
Sundry Restaurant Expenses	(1,480)	(1,066)
<b>Gross Profit from Restaurant</b>	<b>24,174</b>	<b>25,666</b>

#### NOTE 3: GROSS PROFIT FROM BAR

Bar Sales	652,592	631,684
<i>Less: Bar Expenditure</i>		
Purchases – Beer	(154,423)	(153,507)
Purchases – Wine/Spirits & Soft Drinks	(107,214)	(122,122)
Bar Snacks	(2,864)	(3,229)
Sundry Bar Expenses	(9,487)	(5,714)
Purchases – Confectionery	(1,760)	(1,979)
Purchases – Miscellaneous Stock	(613)	2,652
Stock Movement	(26,967)	12,046
<b>Gross Profit from Bar</b>	<b>349,264</b>	<b>359,831</b>

#### NOTE 4: GROSS PROFIT FROM CLOTHING

Sale of Clothing	916	2,655
<i>Less: Clothing expenditure</i>		
Purchases – Clothing	(1,635)	(3,683)
Stock Movement	99	(7,375)
<b>Gross Profit from Clothing</b>	<b>(620)</b>	<b>(8,403)</b>

## Queenscliff Bowling, Tennis & Croquet Club Inc.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

	2020	2019
	\$	\$
<b>NOTE 5: MEMBERSHIP FEES</b>		
Bowling	8,671	8,164
Tennis	1,230	1,468
Croquet	5,064	4,154
Social / Gaming	12,529	8,561
Junior / Student	312	209
	<b>27,806</b>	<b>22,556</b>

#### **NOTE 6: CASH & CASH EQUIVALENTS**

Cash on Hand	13,295	44,681
Cash at Bank	199,802	239,833
	<b>213,097</b>	<b>284,514</b>

#### **NOTE 7: INVENTORIES**

Stock on Hand – Clothing	5,548	5,515
Stock on Hand - Bar	31,624	33,539
	<b>37,173</b>	<b>39,054</b>

#### **NOTE 8: INTANGIBLE ASSETS**

EGM Licence	794,264	794,264
Less: Accumulated Amortisation	(612,177)	(532,555)
Gaming Machine Entitlements 2022	29,869	29,869
	<b>211,956</b>	<b>291,578</b>

Gaming Machine Entitlement 2022 - This relates to the deposit made for Gaming Machine Entitlements post 16 August 2022.

#### **NOTE 9: RIGHT OF USE ASSETS**

Right of use assets – leased land	94,909	-
Less: accumulated amortisation	(5,398)	-
	<b>89,511</b>	-

**Queenscliff Bowling, Tennis & Croquet Club Inc.**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 10: PROPERTY, PLANT &amp; EQUIPMENT</b>		
Property Improvements	2,019,660	2,019,660
Less: Accumulated Depreciation	(901,266)	(849,649)
	<b>1,118,394</b>	<b>1,170,011</b>
Plant & Equipment	989,967	918,155
Less: Accumulated Depreciation	(719,057)	(647,420)
	<b>270,910</b>	<b>270,735</b>
	<b>1,389,304</b>	<b>1,440,746</b>
<b>NOTE 11: PAYABLES</b>		
Trade Creditors	26,421	86,684
Sundry Creditors	1,840	14,897
Salary Sacrifice Liability	-	-
GST Payable	28,386	39,222
	<b>56,647</b>	<b>140,803</b>
<b>NOTE 12: OTHER LIABILITIES</b>		
Payroll Liabilities	8,559	18,145
	<b>8,559</b>	<b>18,145</b>
<b>NOTE 13: LOANS</b>		
Bank Loan	22,423	107,955
	<b>22,423</b>	<b>107,955</b>
The following securities have been provided to the bank relating to the above loan:		
Registered Mortgage Debenture over all the property, assets and undertakings of Queenscliff Bowling, Tennis & Croquet Association Incorporated.		
<b>NOTE 14: EMPLOYEE PROVISIONS</b>		
<b>CURRENT</b>		
Annual Leave	74,751	55,393
Long Service Leave	62,517	57,635
	<b>137,268</b>	<b>113,028</b>

Queenscliff Bowling, Tennis & Croquet Club Inc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

	2020	2019
	\$	\$
<b>NOTE 15: LEASE LIABILITIES</b>		
<i>Current:</i>		
Lease liability – leased land	4,052	-
	<u>4,052</u>	<u>-</u>
<i>Non-current:</i>		
Lease liability – leased land	86,952	-
	<u>86,952</u>	<u>-</u>
	<u>91,004</u>	<u>-</u>
<b>NOTE 16: MEMBERS' FUNDS</b>		
Retained Profits	1,678,749	1,679,951
Croquet Reserve	5,517	5,517
Deficit for the year	(11,251)	(1,202)
	<u>1,673,015</u>	<u>1,684,266</u>

## Queenscliff Bowling, Tennis & Croquet Club Inc.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

<b>NOTE 17: CASH FLOW INFORMATION</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Reconciliation of cash flow from operating activities with net current year surplus		
Current year(deficit)/surplus	(11,251)	(1,202)
Cash flows excluded from current year (deficit)/surplus		
Depreciation & Amortisation (PPE/ROU)	208,274	190,113
Lease liability - finance cost	3,445	-
(Gain)/Loss on sale of plant and equipment	-	146
Write off deposits	-	(6,572)
 Changes in assets and liabilities		
(Increase) / Decrease in receivables	(39,570)	2,006
(Increase) / Decrease in inventories	1,881	(4,671)
Increase / (Decrease) in payables and other liabilities	(93,742)	23,002
Increase / (Decrease) in provisions	24,240	12,701
	<b>93,277</b>	<b>215,523</b>

#### **NOTE 18: GOING CONCERN**

In line with Government guidelines most of Club's operations have been non functional since mid March 2020 and the duration of the shutdown remains uncertain as at the date of this report.

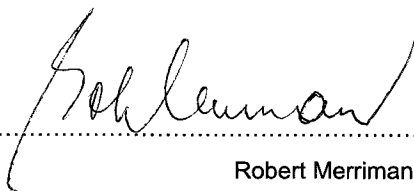
The Club's ability to continue as a going concern is dependent on when it is able to get back to full commercial operations and continued support of Government assistance such as job keeper and cashflow assistance payments.


**Queenscliff Bowling, Tennis & Croquet Club Inc.**

**ANNUAL STATEMENTS GIVE TRUE AND FAIR VIEW OF FINANCIAL POSITION AND PERFORMANCE OF INCORPORATED ASSOCIATION**

We, Robert Merriman, and David Saunders, being members of the Board of Management of Queenscliff Bowling, Tennis & Croquet Club Inc, certify that –

The statements attached to this certificate give a true and fair view of the financial position and performance of Queenscliff Bowling, Tennis & Croquet Club Inc during and at the end of the financial year of the association ending on 30 April 2020.

Board Member.....  
Robert Merriman

Board Member.....  
David Saunders

Dated this *27* day of *July* 2020

## Queenscliff Bowling, Tennis & Croquet Club Inc.

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEENSCLIFF BOWLING, TENNIS & CROQUET CLUB INC.

#### Report on the Audit of the Financial Report

##### Qualified Opinion

We have audited the financial report of Queenscliff Bowling, Tennis & Croquet Club Inc. (the association), which comprises the statement of financial position as at 30 April 2020, the statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification by members of the committee on the annual statements giving a true and fair view of the financial position and performance of the association.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of Queenscliff Bowling, Tennis & Croquet Club Inc. is in accordance with the requirements of the *Associations Incorporation Reform Act 2012* (Vic), including:

- (i) giving a true and fair view of the association's financial position as at 30 April 2020 and of its performance for the year then ended; and
- (ii) that the financial records kept by the association are such as to enable financial statements to be prepared in accordance with Australian Accounting Standards.

##### Basis for Qualified Opinion

As is common for organisations of this type, it is not practicable for the association to maintain an effective system of internal control over donations, membership subscriptions, and other fund raising activities until their initial entry in their accounting records. Accordingly, our audit in relation to this income was limited to amounts recorded.

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 association in accordance with 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 qualified opinion.

##### Material Uncertainty Related to Going Concern

We draw attention to Note 18 to the financial report, which indicates that club's operations are severely impacted by COVID-19 virus related restrictions and the going concern of the Club is dependent on when it is able to get back to full commercial operations and continued support of Government assistance such as job keeper and cashflow assistance payments. This indicates a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

##### Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the association to meet the requirements of *Associations Incorporation Reform Act 2012* (Vic). As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

##### Responsibilities of the Board of Management for the Financial Report

The Board of Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the *Associations Incorporation Reform Act 2012* (Vic) and for such internal control as the Board of Management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

## Queenscliff Bowling, Tennis & Croquet Club Inc.

In preparing the financial report, the Board of Management is responsible for assessing the association'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 Board of Management either intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.

The Board of Management is responsible for overseeing the association's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee's 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 association'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 association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Management 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.

### LBW CHARTERED ACCOUNTANTS

**SRIPATHY SARMA**

Principal

Dated June 2020