



ANNUAL REPORT.

2019



Table of contents.

- 3 Directors' Report
- 6 CEO Report
- 8 President's Report
- 9 Treasurer's Report
- 10 Shoalhaven Ex-Servicemen's Staff
- 16 Independent Audit Report
- 18 Auditor's Independence Declaration
- 19 Statement of Profit or Loss & Comprehensive Income
- 20 Statement of Financial Position
- 21 Statement of Changes in Equity
- 22 Statement of Cash Flows
- 23 Notes to the Financial Statements
- 39 Directors' Declaration

Directors Report.

Your directors present their report on the company for the financial year ended 31 March 2019.

Principal Activities

The principal activities of the company during the financial year were:

To provide and maintain a licensed sporting club. The short term and long term objectives are to continue to provide these facilities and strengthen the Club's financial position. The strategy for achieving these objectives is to conservatively manage and monitor the Club's financial position to enable services and facilities for members. The Club uses industry accepted key performance indicators to monitor performance.

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

Objectives & Strategies

The short and long term objectives of the company are to provide club facilities to members and guests.

The strategy for achieving these objectives is to conservatively manage and monitor the company's financial position, and ensure that member facilities are kept at the highest of standards.

Performance Measurement

The company uses industry accepted financial and non-financial KPI's to monitor performance.

Membership

The number of members registered in the Register of Members at 31 March 2019 were as follows:
Members 15,924 | Total Members 15,924 15,185
The company is incorporated under the

Corporations Act 2001 and is an entity limited by guarantee. If the company is wound up, the Constitution states that each member is liable to contribute a maximum of \$2 each towards meeting any outstanding obligations of the entity. At 31 March 2019 the collective liability of members was \$31,848 (31 March 2018: \$30,370).

Directors

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

Albert Lee President

Qualifications, experience, and special duties:

Member Board of Directors 2 years
Retired

Club Directors Institute Member

Mandatory Training Complete

- Clubs NSW Chairman's Master Class
- 2019 Strategic Planning

Gregory Sturgiss Treasurer

Qualifications, experience, and special duties:

Member Board of Directors 14 years
Business Owner

Club Directors Institute Member

Mandatory Training Exempt

- 2019 Strategic Planning
- Finance Audit Risk Committee
- Property Strategy Committee

Alan Bird Associate Vice President

Qualifications, experience, and special duties:

Member Board of Directors 30 years
Retired

Club Directors Institute Member

Mandatory Training Exempt

- 2019 Strategic Planning
- Chairman Sports Council
- Property Strategy Committee
- Disciplinary Committee

John Newbold Director

Qualifications, experience, and special duties:

Member Board of Directors 17 years

Retired

Club Directors Institute Member

Mandatory Training Exempt

- Property Strategy Committee

William Garrick Director

Qualifications, experience, and special duties:

Member Board of Directors 3 years

Maintenance Supervisor

Club Directors Institute Member

Mandatory Training Complete

- Strategic Planning 2019
- Disciplinary Committee
- Property Strategy Committee

Suzanne Dendle Director

Qualifications, experience, and special duties:

Member Board of Directors 1 years

Veterans Welfare Advocate

Club Directors Institute Member

Mandatory Training Complete

- Governance and Policy Committee
- Disciplinary Committee
- Property Strategy Committee

Phillip Viret Director

Appointed 24/06/2018

Qualifications, experience, and special duties:

Member Board of Directors 1 year

Fitter & Turner

Club Directors Institute Member

Mandatory Training Complete

- 2019 Strategic Planning
- Finance Audit Risk Committee
- Governance and Policy Committee

Neville Whalan Director

Appointed 22/08/2018

Qualifications, experience, and special duties:

Member Board of Directors 1 year

Retired

Club Directors Institute Member

Mandatory Training Complete

- 2019 Strategic Planning
- Property Strategy Committee

Kevin Bryson Former Treasurer

Deceased 15/05/2018

Qualifications, experience, and special duties:

Retired.

Member Board of Directors 10 years.

Clubs NSW Honorary Fellowship 2018

Gary Meehan OAM Former Vice President

Resigned 30/01/2019

Qualifications, experience, and special duties:

Member Board of Directors 12 years

Retired

Club Directors Institute Member

Clubs NSW Chairman's Master Class

Kevin Duffey Former President

Resigned 24/06/2018

Qualifications, experience, and special duties:

Member Board of Directors 37 years

Retired

Clubs NSW Honorary Fellowship 2018

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

Summary of Meeting Attendances:
12 ordinary meetings were held during the year.

	Number of Meetings Eligible to Attend	Number of Meetings Attended
1. Albert Lee	12	11
2. Gregory Sturgiss	12	10
3. Alan Bird	12	12
4. John Newbold	12	10
5. William Garrick	12	12
6. Suzanne Dendle	12	9
7. Phillip Viret	10	9
8. Neville Whalan	7	7
9. Kevin Bryson	1	0
10. Gary Meehan OAM	10	5
11. Kevin Duffey	2	2

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 March 2019 has been received and can be found on page 18 of the financial report. Signed in accordance with a resolution of the Board of Directors:

Director:



Mr Albert Lee // Dated 22nd May 2019



Left to right: CEO Bernie Brown, Associate Vice President Alan Bird, Treasurer Greg Sturgiss, Board Member Suzanne Dendle, Board Member William Garrick, Club President Eddy Lee, Board Member Phil Viret, Board Member John Newbold **Absent:** Neville Whalan, Kevin Bryson & Gary Meehan OAM



CEO's Report.

Dear Members,

Welcome to my annual report for 2019. This year has been a year of change, growth and business restructuring. Throughout my report I will comment on some of the more significant events and changes across the Club operations from the past 12 months and our future strategy and direction.

The Figures

It is very pleasing that we have been able to post a profit of \$711,413 and an EBITDA of \$2,581,121 (17.55%) for 2019. Most revenue centres showed growth from 2018 results with gaming the standout up just shy of \$1.0m on 2018. This has been due in part to a number of initiatives in this area throughout the year. Bar G.P. finished at 56.67% which is a little under where we want to be with our 2020 target for a more industry benchmark 60%. The board have set an aggressive budget for 2020, however, we are confident of achieving in all areas. There will be disruption through the middle to back end of the year at the Sports Club with major internal refurbishments taking place. We have allowed for this in the budget, however urge all members to continue to support the Club through that time. We will be rolling out a number of promotions to thank members for their continued patronage. Overall Club wages to revenue of 25% is a very respectable result. On the back of a couple of strategic property acquisitions and reinvestment into club facilities, overall assets

have increased to \$37.25m up \$1.47m on 2018.

HR Restructure

During the year the Board had to make some tough business decisions in conjunction with senior management which included the contracting of Club cleaning operations as well as an organisational restructure of the management team. Within the management team we received resignation from Coby who has continued within the industry with a leading POS provider. Long serving Club 2IC Tony Waller has taken the opportunity to enjoy retirement and we wish both him and Coby well. Obviously, the Club has been required to settle all entitlements with the redundancies and resignations which has added considerably to the HR and wage overheads for the year. This is a one off cost and the benefits will flow through the 2020 Club year. I would like to thank our hard working staff and congratulate them for taking on new opportunities and personal development and training in areas of gaming VIP host management, Duty Management Development Program and customer service. I would also like to congratulate Bec for winning a trip through IGT to attend Macau and Singapore this year for the G2E Asian Gaming Expo and to

Andrew who recently returned from Vegas, Chicago and LA after successfully applying for a bursary through the Club Managers Association to attend The National Restaurant Association Show as well as food and Hospitality Design study tours through a number of cities and venues.

The Green

It is very humbling to receive such positive feedback about our Sports facilities especially the course condition and greens. This is a credit to the hard work of Tony our Turf Manager and his dedicated team. Due to the ongoing drought we have again seen a record number of rounds played and for a second year have only lost 2-3 days due to rain. On another positive note, we are on the verge of receiving another 15-year agreement to tap into the recycled water system which enables us to keep the course in top condition where other local courses are suffering.

Also, as a result, golf operations have shown a small profit this year which is fantastic. Thank you to the dedicated committees and members of our popular Sub Clubs. There have also been some great results and achievements throughout the year.

Fit for 2020

By far the most exciting program that the board has undertaken since the inception of the Sports Club and golf course is the Fit For 2020 approach which was launched by the RSL and Services Clubs Association in 2017. The board and management have taken the recommendations and worked closely with industry experts to strengthen not just our governance processes but the future proofing of the business. Key recommendations from the workshops which have already been implemented or are in progress include:

1. Board Fit: Board Succession & Governance

Governance Succession planning is becoming increasingly strategically important. Preparing for challenges will always involve learning, leadership, and longing to leave an inspirational legacy.

2. Future Fit: Strategic Planning

Increase your likelihood of developing effective future proofing strategies through an approach that's thorough, focused, action-oriented, and without ambiguity.

3. Business Fit: Building A Dynamic Diversified Business

How do you ensure your Club environment remains relevant to your current and future community as we move towards 2020 and beyond?

4. Profit Fit: Operational

We combine the rigour of developing solid financial and management reporting disciplines and budgeting processes with the humanity that is required to create a successful hospitality venue

5. Legal Fit: Constitutions & Compliance

A dusty old Constitution on a shelf in the office, or one which

isn't well put together, can complicate operational matters and even hold the Club back from undertaking projects.

6. Digital Fit: Membership Engagement

How can we choose what are the right digital technologies, which can and will provide us with the foundation to grow, now and into the future.

What's Next

We are delighted to partner with Tully Heard and Mammoth Constructions for the delivery in 2020 (pending council approval) of our concept "The Growers". This new precinct will provide casual, alfresco dining and bar with woodfired pizza, craft beer and local wines, kids play area, herb and veggie gardens and communal seating areas.

To compliment we will also be constructing a 200-seat theatre kitchen style restaurant complete with cocktail bar and pre dinner lounge. The pro shop and golf locker room facilities will be relocated and we will also construct a more accessible and larger volume member cart storage area. This \$3.5 million project has been hatched from a detailed report procured by the board to satisfy due diligence and market demand and we have been developing the plan/concept since late 2017. We hope to open in October 2020. Stay tuned for concept images and updates.

The Sports Club \$1,500,000 internal refurbishment is due to commence in July/August and completed in November 2019. Look forward to new floor coverings, furniture throughout, bar refurb, rest rooms, sports lounge, new reception area, updated TAB and feature lighting. We haven't forgotten our CBD big sister with a recent refurbishment and relocation of the indoor gaming and creation

of a new relaxed lounge area.

Naturally none of this could have been achieved or planned through the year without the full support of the board who are working extremely well together and are keen to continue their professional development. Thank you to President Eddie and the board for your persistence, support and most of all confidence in taking on opportunities as they have been presented through planning and spontaneously.

We have been aptly supported by our senior management team headed by our Operations Manager, Andrew. Across all of our departments, all staff have stepped up to the plate, been challenged and grown in confidence, ability and the delivery of superior service, thank you and well done. Thank you to Frank and the team for your professionalism and quality meals provided to the members at the Sports Club. We also welcome your crew to our team as we transition over to operating the culinary offering in early June. We also thank the team at Eastern Tiger for continuing to supply great value to our members through the buffet offering in town. Lastly but most importantly, thank you to the members for your support and patronage of your venues. You have responded well to quite a bit of change over the past year and I am excited to be able to deliver the fresh facilities and new unique food and beverage outlets over the next 18 months. The future of the Club has never been brighter made possible by the stable diligent leadership over the years and ability of previous boards to take on risk. Exciting times ahead.



Bernie Brown
ACCM MAICD | CEO



President's Report.

To Members of the Shoalhaven Ex Servicemen's Club

I am pleased and honoured to present my inaugural Presidents report to members of Shoalhaven Ex-Servicemen's Club for 2019. Financially we have reversed the declining revenue trend of last year to post a profit after depreciation of \$711,413 (2018 \$276,806). This is a great result and has been achieved through a strategic focus by the board and management which also included a significant business restructure focused around our resources, strategy, budget and best practice.

We have again stood behind our support of local sport through our Bowls, Golf, Fishing, Snooker, Cricket and Indoor Sports intra clubs and reaching further with an ever increasing portfolio of local sporting club sponsorships including Southern Branch Soccer, Shoalies Rugby, Jets RLFC, Shoalhaven Netball, Shoalhaven Clay Target Club, Shoalhaven Rowing Club, Nowra Warriors JRLFC, Albatross Vikings, Shoalhaven United Soccer and the Indigenous Football Championships and more. We have not neglected our services heritage with donations to the Kokoda Youth Leadership program, RSL and Services Clubs initiatives, Nowra Sub Branch support,

Kangaroo Valley ANZAC Day committee, local ADF and veterans associations and our ever popular and life changing staff sponsorship on the Clubs Kokoda Trek.

12 Months ago you voted me in as your new President after the retirement of our long serving Director and President Mr Kevin Duffy with a great deal of gratitude for the 27 years' service he did. It was great to see him receive induction to the ClubsNSW Honorary Fellowship during the year which is bestowed upon NSW Club directors who choose to retire from their positions with over 10 years' service. We have also seen Rick Meehan OAM receive the Fellowship this year and thank him for his 10+ years on the board. Sadly it has now been 12 months since we lost our friend and colleague Mr Kevin Bryson. It was touching and fitting that he has also received the ClubsNSW honorary Fellowship posthumously.

It has been a year full of planning and fact finding to make this club more than somewhere to have a beer but somewhere to be proud of to bring family and guests. Over the next couple of months we will be starting the refurbishment of the Sports Club which may cause some disruption for our members. Please be patient because the finished product will be worth it. The Board of Directors are totally behind the renovations which will prove to a big asset in times to come.

The Shoalhaven Ex Servicemen's Club is in a strong financial position thanks to our C.E.O Bernie Brown and his hard working team of department heads, duty and staff. Our golf greens, fairways, surrounds, cricket playing surface and bowling greens continue to be spoken about as some of the best on the coast and this is due to the hard work of our greens team led by Tony. Our industry associates as well as the dedication from our catering providers has also contributed to members receiving quality meals at value prices. Thank you to Frank and team as well as the crew from Eastern Tiger Buffet.

To those members who have lost loved ones through the year we send our deepest sympathy and condolences.

It has been great to welcome Suz Dendle to the director ranks through her board appointment this year. Suz became the first female board member in the Clubs 70 year history and we have enjoyed her insights and I'm sure she has gained valuable experience this year.

I would like to thank my fellow Directors and C.E.O for all the help they have given me over the past 12 months and to all members that have given me the opportunity of serving them as your President.

Yours sincerely,

Eddy Lee



Treasurer's Report.

Dear members

It gives me pleasure to present the Treasurers report for our Club year 2019. I've had big shoes to fill replacing our departed mate Kevin Bryson who has served the Club admirably in the role before his sudden passing now 12 months ago. Kev would be proud to see the turnaround this year seeing us post a profit of \$711,413 (\$276,806 - 2018) and getting back to the boards expectations and providing the cash flow to further extend our strategy and diversification initiatives.

The result for the year was very pleasing and we have seen significant and sustained growth in the gaming, especially at the Sports Club post the introduction of our popular Club loyalty program and renovations which enabled us to increase the offering to members. Overall revenue for the Club was \$14,716,643 up +\$1,233,834 on 2018. Of course the old adage "you need to spend money to make money" is true for this year and as a result members benefits and promotional expenses have increased significantly but again reflective of the growth in revenue and profit. We have also incurred additional expense through the recent business restructure which saw redundancies paid out in the cleaning department and the exit of our long term 2IC Tony Waller.

Some other expenses of note this year which have risen significantly include Insurance up \$25,170 mainly due to a new Cyber Crime Policy, Increased cover for business interruption and stamp duty increases. Of course from a risk perspective, additional cover is a no brainer. We also saw increases in most cost centres, additionally of note we have passed on a 3% wage increase to our hard working staff last year which has again been matched and budgeted for this year. We went live with a 99kw solar array at the Sports Club in April and we are already seeing the benefits. The system came in at \$100,000 including a smaller 6kw system for the Greenkeepers shed and we are already seeing the benefits and are on track for the forecasted 4 year return on investment.

The board, as mentioned earlier in my report, are looking at ways to diversify our income streams. To this end we have begun a property investment strategy and have secured two properties on Greenwell Point Road and are well advanced in securing a third. We have a longer term property development strategy for additional facilities to compliment the Sports Club precinct. During the year we also tendered our banking and loan facilities to all major banks with a fantastic result. We continue with our long term partners CommBank, however, we were able to utilise competition to drive down fees and interest rates for the benefit of the club and future projects. Over the next 18 months we will look to extend our financing, whilst

rates are historically low, to complete around \$5,000,000 (mix of savings and loans) in refurbishments and new facilities for members to enjoy at the Sports Club. The time is right in the Club's history, market share and current financial position to continue to expand into new markets and offerings.

We have worked with the Sporting Sub Clubs throughout the year to assist them in meeting their Sporting heights through our financial grants program and assistance with one off events. It is particularly pleasing to see the growth in the golf operation and participation noting a small profit in course operations, a result no doubt our competitors would be envious of.

I would like to thank our CEO Bernie and management team, especially Deb in admin for their support with my role throughout the year. We again have appreciated the continued support and assistance from Rebeka and the team at Booth Partners for their professional, timely and diligent financial reporting, advice and annual audit. The board will also soon be commencing further growth in their financial knowledge and acumen through monthly workshops in conjunction with Booth Partners something we are all looking forward to taking part in.

Thanks to the members for your continued support.

Greg Sturgiss
Greg Sturgiss
Treasurer

Shoalhaven Ex-Servicemen's Staff.

Chief Executive Officer

Bernie Brown

Operations Manager

Andrew Gunn

Information Technology Manager

Stephen Arnold

Human Resources

Shelley Beale

Gaming Coordinator

Rebecca Poulter

Stock Coordinator

Brendan Sturgiss

Sales and Events Executive

Jodie Green

Functions, Promotions & Entertainment Coordinator

Lauren Sturgiss

Marketing Coordinator

Belinda Williams

Office Supervisor

Deborah Abbot

Office Team

Dylan Woolford

Kim Sykes

Brylee Lonesbrough

Duty Team

Brendan Sturgiss

Elizabeth Hearne

Carma Butcher

Carly Laker

Lisa Reipsaman

Rebecca Poulter

Relief Duty Team

Ben Wormleaton

Lyn Townley

Rohan Prout

Troy Monie

Monique Cox

Turf Manager

Tony Webster

Turf Supervisor

Christopher Regan

Greens team

Adam Fortier

Troy Sheehy

Gregory Judd

Brandon Mallia

Golf Professional

Robert Nancarrow

Golf staff

Greg Drummond

Security

Craig Hughes

Ovini Naivalu

Rodney Welsh

Stephen Thompson

Horst Bruckner





The team.

81

Current Staff



Average Age

35



Female

46



Male

35



Longest serving employee

38 years



Full time

26



Casual

45



Part time

10



Employees on average have worked at the Club

7.4 years

AEMP/Functions/Sales	4%	Age Range	Number of employees
Security	6%	18-25	19
Bar staff	57%	26-35	18
Duty team	14%	36-45	15
Administration	5%	46-55	20
Greens staff	7%	56+	9
Management	5%		
Golf Staff	2%		

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Sponsorship/ Donations.

For The Period 1/04/2018 To 31/3/2019

Men's Golf	F Del Castillo
Shoalhaven River Festival	P Goddard
Kylc Benevolent Fund	Indoor Sports
Shoalhaven United Football	Bill Reminis
Tafe NSW	Nowra Public School
Bernie Regan Memorial Sporting Trust	Cricket Club
David Carpenter	Shoalhaven Netball Association
Men's Bowling Club	Shoalhaven Clay Target Club
Nowra Bomaderry Jets RLFC	NSW Cancer Council
Shoalhaven District Snooker & Billiards	South Coast Area Sport Association Lawn
Karlee Symonds	Lions Club Of Kangaroo Valley
Veterans Golf	Men of League
Caveman Project	Shoalhaven River Festival
Australian Indigenous Football Club	Rural Aid
Shoalhaven Rowing Club	Nowra Blues
Rural Fire Service	Southern Branch Fc
Nowra Show Society	Shoalhaven Rugby Football Club
I Bice	Nowra Warriors Junior Football Club

\$135,956.70

ClubGRANTS.

Australian Foundation For Disability

Autism Spectrum Australia (Aspect)

Bowel Care Australia

Civic Disability Services

Focas Shoalhaven

Foster Care Angels Inc

Nowra Family Support Service Inc

Shoalhaven Heads SLSC

Shoalhaven Education Fund Inc

Shoalhaven Women's Health Centre

Shoalhaven Neighbourhood Services

Nowra Family Support Service Inc

Australian Red Cross Society

\$63,598.00

Subsidy Amounts to Internal Sporting Clubs

Cricket
Social Golf
Men's Golf
Veterans Golf
Women's Golf
Snooker
Fishing Club
Indoor Sports
Men's Bowling
Women's Bowling

\$46,070.00



INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED

A.B.N. 81 000 845 358

Audit Opinion

We have audited the financial report of Shoalhaven Ex-Servicemen's Club Limited (the company), which comprises the statement of financial position as at year ended 31 March 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Shoalhaven Ex-Servicemen's Club Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at the year ended 31 March 2019 and of their performance and cash flows for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis of Audit 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 the company, 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.

Other Information

The Directors are responsible for the other information. The other information does not include the financial

report and our auditor's report thereon, but comprises the President's Report and the Treasurer's Report, which are expected to be made available to us after the date of this auditor's report, and the Supplementary Information contained in the annual report, which we obtained prior to the date of this auditor's report.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of Shoalhaven Ex-Servicemen's Club Limited for the financial year ended 31 March 2019 included on the company's website. The directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of the company's website. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this website.

Booth Partners



Rebeka Schroeder, CA
52 Osborne Street, Nowra NSW 2541
Dated 22nd May 2019

AUDITOR'S INDEPENDENCE DECLARATION

**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE
DIRECTORS OF SHOALHAVEN EX-SERVICEMEN'S
CLUB LIMITED A.B.N. 81 000 845 358**

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2019, there have been no contraventions of:

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

Booth Partners



Rebeka Schroeder, CA
52 Osborne Street, Nowra NSW 2541
Dated 22nd May 2019

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	NOTE	2019 (\$)	2018(\$)
Revenue	2	14,716,643	13,482,809
Other income	2	23,189	10,665
Cost of sales		(1,347,616)	(1,229,199)
Administration and Wages on Costs		(2,483,273)	(2,285,065)
Bar Operating Expenses		(571,509)	(620,199)
Borrowing Expenses		(143,788)	(157,097)
Bunker Operating Expenses		(13,364)	-
Cafe Operating Expense		(142,689)	(94,976)
Commission Expenses		(297,182)	(300,113)
Depreciation and Amortisation		(1,725,922)	(1,767,168)
Gaming Operating Expenses		(2,775,722)	(2,496,429)
Golf Course Operating Expenses		(587,254)	(569,996)
Greens Operating Expenses		(136,879)	(173,412)
Insurance Expense		(218,517)	(193,347)
Motor Vehicle Expenses		(19,833)	(23,746)
Occupancy Expenses		(1,124,447)	(1,315,319)
Promotion and Entertainment Costs		(1,635,515)	(1,185,741)
Residential Property Expenses		(11,347)	-
Other expenses		(793,562)	(804,861)
Profit before income tax	3	711,413	276,806
Income tax expense		-	-
Profit (loss) attributable to members of the company		711,413	276,806
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of Land and Buildings, 31 March 2018	8	-	1,431,578
Other comprehensive income for the year, net of tax		-	1,431,578
Total comprehensive income (loss) attributable to members of the company		711,413	1,708,384

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	NOTE	2019 (\$)	2018(\$)
CURRENT ASSETS			
Cash and cash equivalents	4	1,682,052	1,435,242
Trade and other receivables	5	59,094	117,983
Inventories	6	287,527	310,479
Other current assets	7	128,529	88,353
TOTAL CURRENT ASSETS		2,157,202	1,952,057
NON-CURRENT ASSETS			
Property, plant and equipment	8	34,333,227	33,064,133
Intangible assets	9	762,730	762,730
TOTAL NON-CURRENT ASSETS		35,095,957	33,826,863
TOTAL ASSETS		37,253,159	35,778,920
CURRENT LIABILITIES			
Trade and other payables	10	785,077	747,634
Borrowings	11	687,049	393,986
Short term provisions	12	493,661	552,931
Other current liabilities	13	257,800	249,471
TOTAL CURRENT LIABILITIES		2,223,587	1,944,022
NON-CURRENT LIABILITIES			
Borrowings	11	2,515,308	2,011,710
Long term provisions	12	116,428	136,766
TOTAL NON-CURRENT LIABILITIES		2,631,736	2,148,476
TOTAL LIABILITIES		4,855,323	4,092,498
NET ASSETS		32,397,836	31,686,422
EQUITY			
Reserves	14	13,987,749	13,987,749
Retained earnings		18,410,087	17,698,673
TOTAL EQUITY		32,397,836	31,686,422

STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2019

	RETAINED PROFITS	RESERVES	TOTAL
Balance at 1 April 2017	17,421,867	12,556,171	29,978,038
Profit (loss) for the year	276,806	-	276,806
Other comprehensive income for the year	-	1,431,578	1,431,578
Total comprehensive income attributable to members of the entity	276,806	1,431,578	1,708,384
Balance at 31 March 2018	17,698,673	13,987,749	31,686,422
Balance at 1 April 2018	17,698,674	13,987,749	31,686,423
Profit (loss) for the year	711,413	-	711,413
Other comprehensive income for the year	-	-	1,431,578
Total comprehensive income attributable to members of the entity	711,413	-	711,413
Balance at 31 March 2019	18,410,087	13,987,749	32,397,836

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	NOTE	2019 (\$)	2018(\$)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,801,044	13,489,840
Payments to suppliers and employees		(12,241,902)	(11,179,211)
Interest received		6,010	5,662
Borrowing costs paid		(143,788)	(157,097)
Net cash provided by (used in) operating activities		2,421,364	2,159,194
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		112,500	36,943
Payments for property, plant and equipment		(3,083,715)	(685,551)
Net cash provided by (used in) investing activities		796,660	(796,660)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,432,933	196,617
Repayment of borrowings		(636,273)	(685,551)
Net cash provided by (used in) financing activities		796,660	(488,934)
Net increase (decrease) in cash held		246,809	128,512
Cash at beginning of financial year		1,435,243	1,306,731
Cash at end of year	4	1,682,052	1,435,243

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the 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 AASB has concluded would result in the financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

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.

The financial statements of Shoalhaven Ex-Servicemen's Club Limited for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 22nd May 2019.

REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is 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 the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods.

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the period of the memberships.

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Shoalhaven Ex-Servicemen's Club Limited receives non-reciprocal contributions of assets from the government and other parties for zero or nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

Donations and bequests are recognised as revenue when received.

New accounting standards adopted.

AASB 15 - Revenue The Company has adopted AASB 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in AASB 15, the Company has adopted the new rules for the 2019 financial year only as there was no material change in the 2018 financial year.

Accounting for customer loyalty programme In previous reporting periods, the consideration received from the sale of goods was allocated to the goods sold with a liability recognised for outstanding points. Under AASB 15, the total consideration must be allocated to the points and goods based on the relative stand-alone selling prices. As a consequence, the bar and poker machine revenue for the year ended 31 March 2019 decreased by \$145,594 and the points income increased by \$72,797. There was no adjustment to net profit.

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 borrowings in current liabilities on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment. 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.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of comprehensive income.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

Stores are valued at cost.

PREPAYMENTS

Prepayments are recognised when a payment is made for services that the company expects to utilise over a period of time. Prepayments are measured at the unexpended portion of the contractual cost of the services. Expenditure is transferred to profits and losses on a straight line basis over the period to which it relates.

PROPERTY, PLANT AND EQUIPMENT

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

Property

Freehold land and buildings are shown 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 other comprehensive income. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in other comprehensive income; all other decreases are recognised in 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.

Investment property is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is initially measured at cost and subsequently measured at fair value. Fair value of investment properties is determined regularly based on a valuation by an independent valuer, with sufficient regularity so that market value does not vary materially from book value.

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 recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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 during the financial period in which they are incurred.

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

Class of Fixed Asset	Depreciation Rate
Buildings and Course	2.5% - 4.0%
Plant and Equipment	15.0% - 40.0%

The asset's 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 included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

INTANGIBLES

Poker Machine Licences

Purchased poker machine licences are initially recognised at cost. They have an infinite life and are carried at cost in accordance with the licence terms. Poker machine licences are assessed annually for impairment.

FINANCIAL INSTRUMENTS

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting adopted).

Financial instruments are initially measured at fair value plus transaction 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.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, prices quoted in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item

in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as 'fair value through profit or loss' when they are held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current assets.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are immediately recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written off amounts are charged to the allowance account of the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognised the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

IMPAIRMENT OF ASSETS

At each reporting date, the company 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, unless the asset is carried at a revalued amount in accordance with another standard. 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

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

TRADE AND OTHER PAYABLES

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

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 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 statement of financial position are shown inclusive of GST.

Cash flows are presented on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

Income Tax

The company is exempt from income tax under section 50-40 of the Income Tax Assessment Act 1997.

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 within 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. 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 and salaries are recognised as a part of current liabilities in the statement of financial position.

Other long-term employee benefits

The company classifies employee's long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the

related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

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

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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

LEASES

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the

NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

lease liability and the lease interest expense for the period.

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.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production 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 the income statement in the period in which they are incurred.

COMPARATIVE FIGURES

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The directors evaluate estimates and judgments incorporated into the financial report 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 judgments - Employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

2019 (\$) 2018(\$)

2 Revenue

OPERATING ACTIVITIES

Trading Revenue	2,751,621	2,693,738
Keno and TAB Commissions	307,470	206,737
Gaming Net Clearances	10,086,939	9,088,025
Golf Course Income	722,320	652,231
Ancillary Clubs	7,617	5,098
Interest Received	6,010	5,662
Members Subscriptions	111,251	93,857
Points Income	72,797	-
Sundry Income	128,409	167,761
Raffle Income	329,664	389,806
Rent Received	192,545	179,894
	<u>14,716,643</u>	<u>13,482,809</u>

NON-OPERATING ACTIVITIES

Profit on Disposal of Property, Plant and Equipment	23,189	10,665
	<u>23,189</u>	<u>10,665</u>
	<u>14,739,832</u>	<u>13,493,474</u>

3 Profit from Ordinary Activities

Profit from ordinary activities before income tax expense has been determined after:

EXPENSES

Cost of sales	1,347,616	1,229,199
Borrowing costs	143,788	157,097
Depreciation of non-current assets	1,725,308	1,767,168

REVENUE AND NET GAINS

Net gain on disposal of property, plant, and equipment	23,189	10,665
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NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

2019 (\$) 2018(\$)

4 Cash and Cash Equivalents

CURRENT

Cash on Hand	288,819	248,176
Bank Accounts - Ancillary Clubs	99,134	91,051
Bank - Trading Account	405,054	198,307
Bank - GST Account	100,850	83,610
Bank - Tab Account	23,638	14,278
Bank - Keno Account	26,702	24,289
Bank - Provision Account	737,855	775,531
	<u>1,682,052</u>	<u>1,435,242</u>

The Club has an overdraft in place of \$250,000 which is secured over the Club's assets.

RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	1,682,052	1,435,242
	<u>1,682,052</u>	<u>1,435,242</u>

5 Trade and Other Receivables

CURRENT

Trade Debtors	59,094	117,983
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6 Inventories

CURRENT

Stock on Hand - Other	206,112	211,641
Stock on Hand - Bar	81,415	310,479
	<u>287,527</u>	<u>310,479</u>

7 Other Current Assets

CURRENT

Prepayments	128,529	88,353
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NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

2019 (\$) 2018(\$)

8 Property, Plant and Equipment

LAND AND BUILDINGS

Land and Buildings - Junction Street at Valuation, 2018	15,082,386	15,000,000
Golf Course, at Valuation 2018	(277,202)	-
Less: Accumulated Depreciation	3,000,000	3,000,000
	(310,357)	
	17,494,827	18,000,000
Land and Buildings - Sports Club at Valuation, 2018	12,760,298	11,750,857
Additions, at Valuation, 2018	749,143	749,143
	13,509,441	12,500,000
Land and Buildings - Investment Properties	812,806	-
	812,806	-
Total Land and Buildings	31,817,074	30,500,000

PLANT AND EQUIPMENT

Plant and Equipment, Junction Street - at cost	7,718,631	7,709,692
Less: Accumulated Depreciation	(6,285,176)	(6,334,952)
	1,433,455	1,374,740
Plant and Equipment, Sports Club - at Cost	5,775,925	5,400,726
Less: Accumulated Depreciation	(4,693,227)	(4,211,333)
	1,082,698	1,189,393
Total Plant and Equipment	2,516,153	2,564,133
Total Property, Plant and Equipment	34,333,227	33,064,133

NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

The following property is considered 'Non-Core Property' as defined in the Registered Clubs Act, 1973;

- 95 Greenwell Point Road, Worrigeer NSW 2540
- 113 Greenwell Point Road, Worrigeer NSW 2540

All of the Club's other property is considered 'Core Property' as defined in the Registered Clubs Act, 1973.

RECONCILIATION OF CASH

The Company, in accordance with the Directors undertaking, commissioned a valuation of freehold land and buildings on 24 April 2018. The assets were valued by independent valuer, Walsh and Monaghan Pty Limited and the valuation has been adopted by the Directors as at 31 March 2018. The basis of the valuation was the market value of the assets on a going concern basis. The Company's land and buildings is recorded in the Clubs Statement of Financial Position based upon this valuation.

MOVEMENTS IN CARRYING AMOUNTS

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

	Carrying Value 1 Apr 2018	Additions	Disposals	Depreciation	Carrying Value 31 Mar 2019
Land, Buildings and Improvements	30,500,000	1,904,633	-	(587,559)	31,817,074
Poker Machines	1,682,440	800,552	(58,779)	(839,514)	1,584,699
Plant and Equipment	881,693	378,530	(30,534)	(298,235)	931,454
	33,064,133	3,083,715	(89,313)	(1,725,308)	34,333,227

9 Intangible Assets

	2019 (\$)	2018(\$)
Poker Machine Entitlements - at Cost	762,730	762,730
Total	762,730	762,730

NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

MOVEMENTS IN CARRYING AMOUNTS

Movements in carrying amount of each class of intangibles between the beginning and the end of the current financial year:

	Carrying Value 1 Apr 2018	Additions	Disposals	Depreciation	Carrying Value 31 Mar 2019
Poker Machines					
Entitlements - at Cost	762,730	-	-	-	762,730
	762,730	-	-	-	762,730

2019 (\$) 2018(\$)

10 Trade and Other Payables

CURRENT

Trade Creditors and Accrued Expenses	785,077	747,634
	785,077	747,634

Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:

- Total current	785,077	747,634
- Total non-current	-	-
	785,077	747,634

11 Borrowings

CURRENT

Hire Purchase Liability	69,166	64,058
Commonwealth Bank Loan	599,853	316,845
Macquarie Insurance Funding	18,030	13,083
	687,049	393,986

NON-CURRENT

Hire Purchase Liability	-	11,710
Commonwealth Bank Loan	2,515,308	2,000,000
	2,515,308	2,011,710

NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

The following security is held by the Commonwealth Bank of Australia on the overdraft facility, loans and guarantees:

- i) Registered mortgage over the Club's land and buildings situated at Junction Street, Nowra
- ii) Registered mortgage over the Club's land and buildings situated at Greenwell Point Road, Worrigeer
- iii) Registered equitable mortgage debenture over the whole of the Club's assets.

2019 (\$) **2018(\$)**

12 Provisions

CURRENT

Provision for Holiday and Sick Pay	236,573	295,843
Provision for Long Service Leave	257,088	257,088
	493,661	552,931

NON-CURRENT

Provision for Long Service Leave	116,428	136,766
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AGGREGATE EMPLOYEE BENEFIT LIABILITY

610,089 689,697

13 Other Liabilities

CURRENT

Income in Advance	257,800	249,471
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14 Reserves

Asset Revaluation Reserve	13,933,277	13,933,277
Capital Redemption Reserve	54,472	54,472
	13,987,749	13,987,749

NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

2019 (\$) 2018(\$)

15 Capital and Leasing Commitments

FINANCE LEASE COMMITMENTS

Payable - minimum lease payments

Between 12 months and five years

69,514

65,139

Minimum lease payments

-

12,058

Less future finance charges

69,514

77,197

Less future finance charges

(348)

(1,429)

Present value of minimum lease payments

69,166

75,768

OPERATING LEASE COMMITMENTS

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable - minimum lease payments

Not later than 12 months

47,718

55,332

Between 12 months and five years

20,052

67,770

67,770

123,102

During the 2018 financial year the following operating leases where in place:

20x EZGO Electric Golf Carts

48 monthly payments of \$3,342 beginning in October 2016 and concluding in September 2020

23x Golf Car GPS Units

36 monthly payments of \$1269 beginning in October 2016 and concluding in September 2019

NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

2019 (\$) 2018(\$)

CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments contracted for:

Capital expenditure projects	381,000	53,970
Plant and equipment purchases	-	148,932
	381,000	202,902

Payable:

Not later than 12 months	381,000	202,902
	381,000	202,902

Details as follows:

Sports Club Growers Project \$64,450

Main Club Gaming Refurbishment \$316,550

16 Key Management Personnel Compensation

Total Compensation	213,295	484,572
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17 Directors Remuneration

Honoraria and Expenses	-	2,174
Training and Conferences	35,583	31,318
Meals and Refreshments	7,305	8,573
	42,888	42,065

NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

2019 (\$) 2018(\$)

18 Related Party Transactions

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

Transactions with related parties:

Sturgiss Newsagency - Total amounts paid for contract services - Related party of director G.Sturgiss	777	901
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Brendan Sturgiss - Total remuneration paid for wages and superannuation - Related party of director G.Sturgiss	86,166	87,056
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Julie Gardiner - Total remuneration paid for wages and superannuation - Related party of key management personnel C. Allen	-	26,330
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Jane Gardiner - Total remuneration paid for wages and superannuation - Related party of key management personnel C. Allen	-	26,240
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19 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

FINANCIAL ASSETS

Cash and cash equivalents		
Loans and receivables	1,682,052	1,435,242
Total Financial Assets	59,094	117,983
	1,741,146	1,553,225

NOTES TO THE FINANCIAL STATEMENTS CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

2019 (\$) 2018(\$)

FINANCIAL LIABILITIES

Financial Liabilities at amortised cost

- Trade and other payables	785,077	747,634
- Borrowings	3,202,357	2,405,696
Total Financial Liabilities	3,987,434	3,153,330

20 Fair Value Measurements

The company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

RECURRING FAIR VALUE MEASUREMENTS

Property, plant and equipment

Freehold Land	17,494,827	18,000,000
Freehold Buildings	14,322,247	12,500,000
	31,817,074	30,500,000

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:

(a) comply with Australian Accounting Standards.

(b) give a true and fair view of the financial position of the company as at 31 March 2019 and of its performance for the year ended on that date.

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

This declaration is made in accordance with a resolution of the board of directors.

Director: _____



Mr Albert Lee

Dated 22nd May 2019

DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION

The additional information on the proceeding pages is in accordance with the books and records of Shoalhaven Ex-Servicemen's Club Limited which have been subjected to the auditing procedures applied in the statutory audit of the Company for the year ended 31 March 2019. It will be appreciated that the statutory audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

In accordance with our firm policy, we advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the Company) in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however caused.

Booth Partners

Accountants Auditors Advisers



Rebeka Schroeder, CA
52 Osborne Street, Nowra NSW 2541
Dated 22nd May 2019

SUPPLEMENTARY INFORMATION

DEPARTMENTAL PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	2019 (\$)	2018(\$)
BAR TRADING		
Bar Sales	2,529,934.95	2,539,898
Less: Cost of Goods Sold	1,159,395	1,075,974
Gross Profit	1,370,540	1,463,924
ADD: OTHER INCOME		
Beverage Rebates	69,488	23,343
Points Income	72,797	-
	142,285	23,343
LESS EXPENSES		
Bonus Points	-	13,971
Repairs & Maintenance	43,337	25,739
Stock take	18,500	15,650
Wastage	8,054	7,617
Wages	501,618	557,222
Depreciation	35,593	30,169
	607,102	650,368
NET PROFIT	905,724	836,899

CAFE TRADING		
Sales	211,075	153,840
Less: Cost of Goods Sold	103,807	75,461
Gross Profit	107,267	78,379
LESS EXPENSES		
Bonus Points	-	848
Repairs & Requisites	6,926	8,605
Wastage	2,797	1,192
Wages	132,965	84,331
	142,689	94,976
NET PROFIT	(35,422)	(16,597)

SUPPLEMENTARY INFORMATION

DEPARTMENTAL PROFIT AND LOSS STATEMENT

CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

2019 (\$) 2018(\$)

THE BUNKER TRADING

Bar Sales	10,611	-
Less: Cost of Goods Sold	4,440	-
Gross Profit	6,171	-

LESS EXPENSES

Repairs & Requisites	153	-
Wages	13,211	-
	13,364	-

NET PROFIT

(7,193)	-
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GAMING TRADING

Net Clearances	10,086,938.96	9,088,025
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LESS EXPENSES

Bonus Prizes	47,901	24,590
Central Monitoring	99,805	91,336
Club Grants	245,809	251,220
Depreciation	840,127	803,552
Internet Authorisation	6,036	5,204
Loss on Sale	(23,053)	656
Promotions	31,145	6,027
Repairs & Maintenance	149,351	146,301
Statewide Jackpot Fees	57,228	92,831
Turnover Tax	1,789,156	1,583,410
Wages	491,574	295,508

NET PROFIT

3,735,079	3,300,637
6,351,859	5,787,388

SUPPLEMENTARY INFORMATION

DEPARTMENTAL PROFIT AND LOSS STATEMENT

CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

2019 (\$) 2018(\$)

COURSE TRADING

PRO SHOP TAKINGS

Golf/Access. Sales	91,574	79,144
Food and Bev. Sales	48,375	51,968
	<u>139,948</u>	<u>131,112</u>

LESS: COST OF GOODS SOLD

Food and Bev. Purch	21,347	23,433
Golf Access. Purch.	58,627	54,331
	<u>79,974</u>	<u>77,764</u>

GROSS PROFIT

59,974 53,348

OTHER INCOME

Course Annual Subs	137,731	123,530
Course Comp Fees	89,131	71,317
Course Green Fees	170,748	151,564
Course Cart Hire	145,347	139,402
Cart Storage	10,295	9,500
Course Advertising Revenue	16,166	14,153
Fuel Tax Credits	2,549	2,846
Voucher Sales	1,650	-
Goods Hire/Lessons	8,753	8,808
	<u>642,345</u>	<u>574,467</u>

SUPPLEMENTARY INFORMATION

DEPARTMENTAL PROFIT AND LOSS STATEMENT

CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

2019 (\$) 2018(\$)

COURSE TRADING

LESS EXPENSES

Course Affiliation	14,031	11,649
Cart & GPS Hire	51,222	50,314
Course Electricity	12,595	16,226
Course Fertilizers & Chem.	45,844	45,820
Course Fuel & Oil	15,373	13,406
Course Wages	191,763	162,147
Course Advertising	3,896	3,986
Course Depreciation	402	267
Course Repairs & Maintenance	42,240	50,149
Course Repairs & Maintenance - Machinery	19,468	30,399
Course Printing & Stationary	4,784	7,680
Pro Shop Trophy Expenses	5,149	6,244
Pro Shop - Wastage	-	2,490
Pro Shop Wages	149,027	151,148
Pro Shop Stocktaking	5,950	2,600
Pro Shop Vouchers	5,195	-
Pro Shop Discounts & Promotions	3,645	-
Sub Group Sponsorship	10,835	10,775
Promotional Golf Day	5,231	4,965
Sundry Golf Expenses	1,007	-
	<u>587,656</u>	<u>570,263</u>
NET PROFIT	<u>54,689</u>	<u>4,204</u>

SUPPLEMENTARY INFORMATION

DEPARTMENTAL PROFIT AND LOSS STATEMENT

CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

2019 (\$) 2018(\$)

GREENS TRADING

Greens Income	-	-
LESS EXPENSES		
Greens Electricity	1,216	-
Greens Fertiliser & Chemicals	5,825	-
Greens Wages	123,455	168,146
Greens Repairs & Maintenance	3,417	-
Greens Repairs & Maintenance - Machinery	1,366	-
Sundry Expenses	1,600	5,266
	<u>136,879</u>	<u>173,413</u>
NET PROFIT	<u>(136,879)</u>	<u>(173,413)</u>

2019 (\$) 2018(\$)

COMMISSION TRADING

KENO Commission	121,430	122,735
KENO Bonus Commission	11,828	12,391
TAB Commission	67,558	71,611
TAB Partnership Rebate	11,727	-
TAB Digital Commission	2,946	-
Sundry Commission	15,616	86,559
ATM Commission	76,364	-
	<u>307,470</u>	<u>293,296</u>
LESS EXPENSES		
TAB Service Fees	17,280	-
TAB Stationery	1,035	-
TAB Wages	96,818	100,237
TAB Promotions	1,560	11,909
TAB Repairs & Maintenance	1,434	12,375
TAB TV Subscriptions	59,244	71,284
KENO Service Fees	5,707	-
KENO Stationery	4,036	4,071
KENO Wages	110,069	100,237
	<u>297,182</u>	<u>300,113</u>
NET PROFIT	<u>10,287</u>	<u>(6,816)</u>

SUPPLEMENTARY INFORMATION

DEPARTMENTAL PROFIT AND LOSS STATEMENT

CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

2019 (\$) 2018(\$)

PROFIT AND LOSS STATEMENT

INCOME

Net Profit Bar Trading	905,724	836,899
Net Profit Cafe Trading	(35,422)	(16,597)
Net Profit The Bunker Trading	(7,193)	-
Net Profit Gaming Trading	6,351,859	5,787,388
Net Profit Course Trading	54,689	4,204
Net Profit Greens Trading	(136,879)	(173,413)
Net Profit Commission	10,287	(6,816)
	<u>7,143,066</u>	<u>6,431,665</u>

Sundry Income

706,145 732,176

NET PROFIT

7,849,211 7,163,841

SUPPLEMENTARY INFORMATION

DEPARTMENTAL PROFIT AND LOSS STATEMENT

CONT'D...

FOR THE YEAR ENDED 31 MARCH 2019

2019 (\$) 2018(\$)

PROFIT AND LOSS STATEMENT (CONT'D)

LESS: EXPENDITURE

Administration Expense		
Consultancy & Legal Fees	76,452	53,805
Finance Expense	242,781	259,714
Administration Expenses	449,411	404,550
HR Administration Expense	1,365,468	1,248,346
Total Administration Expense	2,134,111	1,966,415

MEMBER EXPENSES

Member Promotion	119,704	110,550
Direct Member Benefits	131,055	140,876
General Member Benefits	275,235	234,804
Total Member Expenses	525,994	486,230

PROPERTY EXPENSES

HR Property Expense	203,305	440,450
Depreciation	849,799	933,180
Rates & Electricity	450,755	400,705
General Property Expenses	685,170	456,534
Total Property Expenses	2,189,029	2,230,869

ENTERTAINMENT EXPENSES

Entertainment/Music	75,567	87,719
Special Events	12,933	10,714
Total Entertainment Exp	88,501	98,433

PROMOTION EXPENSES

Promotion R&D Expense	254,819	129,246
Venue Wide Promotions	617,047	640,316
Total Promotion Expenses	871,867	769,561

EMPLOYEE EXPENSES

HR Expense Other	1,154,255	1,099,475
Employee Entitlements	154,209	212,306
Motor Vehicle Expenses	19,833	23,746
Total Employee Expenses	1,328,297	1,335,528
TOTAL EXPENSES	7,137,798	6,887,035

NET PROFIT

711,413 276,806



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