

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
A.B.N. 81 000 845 358

FINANCIAL REPORT
FOR THE YEAR ENDED
31 MARCH 2020

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
A.B.N. 81 000 845 358

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SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 March 2020.

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.

Significant Changes in State of Affairs

Changes in state of affairs

On 23 March 2020, in response to the Covid19 Pandemic, Shoalhaven Ex-Servicemen's Club Limited was ordered to close the doors of both Clubs by the Federal Government. While the time-frame of the closure is unknown, the Directors have assessed the Club's cash flow requirements, and are satisfied with cash buffers in place and bank support that a successful reopening will be achieved in due course.

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 2020 were as follows:

Members	15,639
Total Members	<u>15,639</u>

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 2020 the collective liability of members was \$31,278 (31 March 2019: \$31,848).

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:

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DIRECTORS' REPORT

Member Board of Directors 3 years
Retired
Club Directors Institute Member
Mandatory Training Complete
- Clubs NSW Chairman's Master Class
- 2019 Strategic Planning

Alan Bird

Associate Vice President

Qualifications, experience, and special duties:

Member Board of Directors 31 years
Retired
Club Directors Institute Member
Mandatory Training Exempt
- 2019 Strategic Planning
- Chairman Sports Council
- Property Strategy Committee
- Disciplinary Committee

Gregory Sturgiss

Treasurer

Qualifications, experience, and special duties:

Member Board of Directors 15 years
Business Owner
Club Directors Institute Member
Mandatory Training Exempt
- 2019 Strategic Planning
- Finance Audit Risk Committee
- Property Strategy Committee

John Newbold

Director

Qualifications, experience, and special duties:

Member Board of Directors 18 years
Retired
Club Directors Institute Member
Mandatory Training Exempt
- Property Strategy Committee

William Garrick

Director

Qualifications, experience, and special duties:

Member Board of Directors 4 years
Maintenance Supervisor
Club Directors Institute Member
Mandatory Training Complete
- Strategic Planning 2019
- Disciplinary Committee
- Property Strategy Committee

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DIRECTORS' REPORT

Suzanne Dendle

Director

Qualifications, experience, and special duties:

Member Board of Directors 2 years
Veterans Welfare Advocate
Club Directors Institute Member
Mandatory Training Complete
- Governance and Policy Committee
- Disciplinary Committee
- Property Strategy Committee

Phillip Viret

Director

Qualifications, experience, and special duties:

Member Board of Directors 2 years
Fitter & Turner
Club Directors Institute Member
Mandatory Training Complete
- 2019 Strategic Planning
- Finance Audit Risk Committee
- Governance and Policy Committee

Neville Whalan

Director

Qualifications, experience, and special duties:

Member Board of Directors 2 years
Retired
Club Directors Institute Member
Mandatory Training Complete
- 2019 Strategic Planning
- Property Strategy Committee

Shayne Ashton

Director

Appointed 31/07/2019

Qualifications, experience, and special duties:

Supervisor - Construction

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

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DIRECTORS' REPORT

Summary of Meeting Attendances:

12 ordinary meetings were held during the year.

	<i>Number of Meetings Eligible To Attend</i>	<i>Number of Meetings Attended</i>
Albert Lee	12	7
Alan Bird	12	11
Gregory Sturgiss	12	11
John Newbold	12	9
William Garrick	12	12
Suzanne Dendle	12	10
Phillip Viret	12	12
Neville Whalan	12	12
Shayne Ashton	8	7

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 March 2020 has been received and can be found on page 7 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: _____
Mr Albert Lee

Dated 27 May 2020

**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 2020, 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 2020 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 , and the Supplementary Information contained in the annual report, which we obtained prior to the date of this auditor's report, and 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.

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.

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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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 2020 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 27 May 2020

**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 2020, 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 27 May 2020

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 \$	2019 \$
Revenue	2	16,261,826	14,518,088
Other income	2	367,924	221,744
Cost of sales		(1,770,502)	(1,347,616)
Administration and Wages on Costs		(2,582,505)	(2,483,273)
Bar Operating Expenses		(621,889)	(571,509)
Bistro Operating Expenses		(645,532)	-
Borrowing Expenses		(152,121)	(143,788)
Bunker Operating Expenses		(20,007)	(13,364)
Cafe Operating Expense		(139,213)	(142,689)
Commission Expenses		(297,182)	(297,182)
Depreciation and Amortisation		(1,797,483)	(1,725,922)
Gaming Operating Expenses		(3,233,717)	(2,775,722)
Golf Course Operating Expenses		(599,611)	(587,254)
Greens Operating Expenses		(114,833)	(136,879)
Insurance Expense		(248,252)	(218,517)
Motor Vehicle Expenses		(20,349)	(19,833)
Occupancy Expenses		(1,203,198)	(1,124,447)
Pro Am Operating Expenses		(19,354)	-
Promotion and Entertainment Costs		(1,311,170)	(1,635,515)
Residential Property Expenses		(10,503)	(11,347)
Other expenses		(604,392)	(793,562)
Profit before income tax	3	1,237,937	711,413
Income tax expense		-	-
Profit (loss) attributable to members of the company		1,237,937	711,413
Total comprehensive income (loss) attributable to members of the company		1,237,937	711,413

The accompanying notes form part of these financial statements.

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	4	1,650,290	1,682,052
Trade and other receivables	5	144,615	59,094
Inventories	6	306,874	287,527
Other current assets	7	148,882	128,529
TOTAL CURRENT ASSETS		<u>2,250,661</u>	<u>2,157,202</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	35,236,671	33,520,421
Investment property	9	812,806	812,806
Intangible assets	10	762,730	762,730
TOTAL NON-CURRENT ASSETS		<u>36,812,207</u>	<u>35,095,957</u>
TOTAL ASSETS		<u>39,062,868</u>	<u>37,253,159</u>
CURRENT LIABILITIES			
Trade and other payables	11	949,009	785,077
Borrowings	12	543,108	687,049
Short term provisions	13	548,235	493,661
Other current liabilities	14	267,941	257,800
TOTAL CURRENT LIABILITIES		<u>2,308,293</u>	<u>2,223,587</u>
NON-CURRENT LIABILITIES			
Borrowings	12	3,030,477	2,515,308
Long term provisions	13	88,325	116,428
TOTAL NON-CURRENT LIABILITIES		<u>3,118,802</u>	<u>2,631,736</u>
TOTAL LIABILITIES		<u>5,427,095</u>	<u>4,855,323</u>
NET ASSETS		<u>33,635,773</u>	<u>32,397,836</u>
EQUITY			
Reserves	15	13,987,749	13,987,749
Retained earnings		19,648,024	18,410,087
TOTAL EQUITY		<u>33,635,773</u>	<u>32,397,836</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Retained Profits	Reserves	Total
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	-	-	-
Total comprehensive income attributable to members of the entity	711,413	-	711,413
Balance at 31 March 2019	<u>18,410,087</u>	<u>13,987,749</u>	<u>32,397,836</u>
Balance at 1 April 2019	18,410,087	13,987,749	32,397,836
Profit (loss) for the year	1,237,937	-	1,237,937
Other comprehensive income for the year	-	-	-
Total comprehensive income attributable to members of the entity	1,237,937	-	1,237,937
Balance at 31 March 2020	<u>19,648,024</u>	<u>13,987,749</u>	<u>33,635,773</u>

The accompanying notes form part of these financial statements.

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		16,637,226	14,801,044
Payments to suppliers and employees		(13,375,094)	(12,241,902)
Interest received		1,778	6,010
Borrowing costs paid		(152,121)	(143,788)
Net cash provided by (used in) operating activities		<u>3,111,789</u>	<u>2,421,364</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		49,745	112,500
Payments for property, plant and equipment		(3,563,478)	(3,083,715)
Net cash provided by (used in) investing activities		<u>(3,513,733)</u>	<u>(2,971,215)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,897,106	1,432,933
Repayment of borrowings		(1,525,877)	(636,273)
Net cash provided by (used in) financing activities		<u>371,229</u>	<u>796,660</u>
Net increase (decrease) in cash held		(30,715)	246,809
Cash at beginning of financial year		1,682,052	1,435,243
Cash at end of year	4	<u>1,651,337</u>	<u>1,682,052</u>

The accompanying notes form part of these financial statements.

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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 2020 were authorised for issue in accordance with a resolution of the directors on 27 May 2020.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

Revenue and Other Income

The company has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not-for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 April 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions. Due to the nature of the changes in the accounting policy, no equity adjustment has been required. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058.

In the current year

Goods and Services

All goods and services other than those detailed below are delivered, invoiced, and paid for simultaneously. This includes sales of liquor, gaming products, golf games and other products.

Revenue is recognised immediately at the point of sale. The impact of the loyalty program has been detailed below.

Memberships

Membership is granted following payment of annual fees and in the case of new members, board approval of their application. Payment for new members is due on application, and payment for renewing members is due within one month of the renewal date.

Contract liabilities are recognised on receipt of payment, and revenue is recognised on a straight line basis over the period of membership.

Loyalty Program

Members are eligible to earn points based on their poker machine usage. Points are redeemable against any future purchases from the company. The points accumulate and do not expire.

A portion of poker machine takings relating to loyalty points are deferred to contract liabilities. Revenue is recognised when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote.

Advertising and Sponsorships

Advertising and sponsorships are invoiced prior to the agreed period of coverage and invoices are typically payable within 30 days.

Contract liabilities are recognised when the invoices are issued, and revenue is recognised on a straight line basis over the agreed period of coverage.

Function Income

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Deposits for functions are invoiced at the time of booking and are payable by the earlier of 30 days from the booking, or 10 days prior to the event. Full payment for the function is typically due by the day of the event.

Contract liabilities are recognised when the booking is made, and for any part payments received prior to the time of the event. Revenue is recognised at the time the function is held.

Ticket Sales

Event tickets are invoiced when payment is received.

Contract liabilities are recognised when tickets are sold prior to the date of the event. Revenue is recognised at the time the event is held.

Rental Income

Rental income is invoiced and payable on a monthly basis.

Revenue is recognised on a straight line basis over the length of the lease.

Operating grants, donations and bequests

When the company receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15. When both these conditions are satisfied, the company identifies each performance obligations relating to the grant, recognises a contract liability for its obligations under the agreement, and recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the company recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138), recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer), and recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

Capital Grants

When the company receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards. The company recognises income in profit or loss when or as the company satisfies its obligations under the terms of the grant.

Interest Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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NOTES TO THE FINANCIAL STATEMENTS
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Dividend Income

Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting.

Investment Property Revenue

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

In the comparative period

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. 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 company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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.

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NOTES TO THE FINANCIAL STATEMENTS
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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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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.

Investment Property

Investment property is held to generate long-term rental yields and capital growth. Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the statement of comprehensive income as other income or expenses.

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 the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient has been applied as specified in AASB 15.63 .

Financial Assets

Financial assets are subsequently measured at:

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

On the basis of the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

The entity initially designates financial instruments as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial liability that was part of an entity of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

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

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial Liabilities

Financial liabilities are subsequently measured at:

- amortised cost;
- fair value through profit and loss

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

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

All other financial liabilities are subsequently measured at fair value, amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

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The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

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

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

Impairment

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

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

Loss allowance is not recognised for:

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

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

The entity used the following approaches to impairment, as applicable under AASB 9:

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

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At each reporting date, the entity recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

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.

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.

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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 remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

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

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Leases

The company initially applied AASB 16 Leases from using the modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly the comparative information presented for the prior year is not restated. Due to the nature of the changes, no adjustment was required to retained earnings. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in AASB 16 have not generally been applied to comparative information.

At inception of a contract, the company 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 company where the company 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 company 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 company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset

For leases that have significantly below-market terms and conditions principally to enable the Entity to further its objectives (commonly known as peppercorn/concessionary leases), the company has adopted the temporary relief under AASB 2018-814 and measures the right-of-use assets at cost on initial recognition.

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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.

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	2020	2019
	\$	\$
<hr/>		
2 Revenue		
Revenue		
Sales Revenue:		
Sale of goods	16,261,826	14,518,088
	<u>16,261,826</u>	<u>14,518,088</u>
Other Income		
Profit on Sale of Non-current Assets	178,087	23,189
Interest Received	1,778	6,010
Rent Received	188,059	192,545
	<u>367,924</u>	<u>221,744</u>
	<u>16,629,750</u>	<u>14,739,832</u>
Total revenue and other income	<u>16,629,750</u>	<u>14,739,832</u>
3 Profit from Ordinary Activities		
Profit from ordinary activities before income tax expense has been determined after:		
Expenses:		
Cost of sales	1,770,502	1,347,616
Borrowing costs	152,121	143,788
Depreciation of non-current assets	1,797,483	1,725,308

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	2020	2019
	\$	\$
4 Cash and Cash Equivalents		
Current		
Cash on Hand	323	288,819
Bank Accounts - Ancilliary Clubs	98,167	99,134
Bank - Trading Account	1,035,848	405,054
Bank - GST Account	119,221	100,850
Bank - Tab Account	37,492	23,638
Bank - Keno Account	50,084	26,702
Bank - Provision Account	309,155	737,855
	<u>1,650,290</u>	<u>1,682,052</u>
	<u>1,650,290</u>	<u>1,682,052</u>
<p>The Club has an overdraft in place of \$250,000 which is secured over the Club's assets.</p>		
Reconciliation of cash		
<p>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:</p>		
Cash and cash equivalents	<u>1,650,290</u>	<u>1,682,052</u>
	<u>1,650,290</u>	<u>1,682,052</u>
5 Trade and Other Receivables		
Current		
Trade Debtors	147,335	59,094
Less: Provision for Doubtful Debts	(2,720)	-
	<u>144,615</u>	<u>59,094</u>
	<u>144,615</u>	<u>59,094</u>
6 Inventories		
Current		
Stock on Hand - Other	203,315	206,112
Stock on Hand - Bar	103,559	81,415
	<u>306,874</u>	<u>287,527</u>
	<u>306,874</u>	<u>287,527</u>

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	2020	2019
	\$	\$
7 Other Current Assets		
Current		
Prepayments	<u>148,882</u>	<u>128,529</u>
8 Property, Plant and Equipment		
Land and Buildings		
Land and Buildings - Junction Street at Valuation, 2018	15,082,386	15,082,386
Land and Buildings - Junction Street Improvements	11,160	-
Less: Provision for Depreciation	<u>(557,086)</u>	<u>(277,202)</u>
	<u>14,536,460</u>	<u>14,805,184</u>
Land and Buildings - Sports Club at Valuation, 2018	12,500,000	12,500,000
Land and Buildings - Sports Club Improvements at Cost	2,985,689	1,009,441
Golf Course, at Valuation 2018	3,000,000	3,000,000
Less: Accumulated Depreciation	<u>(663,662)</u>	<u>(310,357)</u>
	<u>17,822,027</u>	<u>16,199,084</u>
Total Land and Buildings	<u>32,358,487</u>	<u>31,004,268</u>
Plant and Equipment		
Plant and Equipment, Junction Street - at cost	7,916,712	7,718,631
Less: Accumulated Depreciation	<u>(6,338,182)</u>	<u>(6,285,176)</u>
	<u>1,578,530</u>	<u>1,433,455</u>
Plant and Equipment, Sports Club - at Cost	6,284,684	5,775,925
Less: Accumulated Depreciation	<u>(4,985,030)</u>	<u>(4,693,227)</u>
	<u>1,299,654</u>	<u>1,082,698</u>
Total Plant and Equipment	<u>2,878,184</u>	<u>2,516,153</u>
Total Property, Plant and Equipment	<u>35,236,671</u>	<u>33,520,421</u>

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2020
\$

2019
\$

The following property is considered 'Non-Core Property' as defined in the Registered Clubs Act, 1973;
 - 95 Greenwell Point Road, Worrigee NSW 2540
 - 113 Greenwell Point Road, Worrigee NSW 2540

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

Asset Revaluations

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				Carrying Value
	1 Apr 2019	Additions	Disposals	Depreciation	31 Mar 2020
Land, Buildings and Improvements	31,004,268	1,978,397	-	(624,178)	32,358,487
Poker Machines	1,584,699	923,547	(29,364)	(852,025)	1,626,857
Plant and Equipment	931,454	661,534	(20,381)	(321,280)	1,251,327
	<u>33,520,421</u>	<u>3,563,478</u>	<u>(49,745)</u>	<u>(1,797,483)</u>	<u>35,236,671</u>

9 Investment Property

Land and Buildings - Investment Properties

Land and Buildings - Investment Properties	<u>812,806</u>	<u>812,806</u>
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2020
\$

2019
\$

Movements in Carrying Amounts

Movements in carrying amount of investment properties between the beginning and the end of the current financial year:

	Carrying Value				Carrying Value
	1 Apr 2019	Additions	Disposals	Amortisation	31 Mar 2020
Land and Buildings - Investment Property	812,806	-	-	-	812,806
	<u>812,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>812,806</u>

10 Intangible Assets

Poker Machine Entitlements - at Cost	762,730	762,730
Total	<u>762,730</u>	<u>762,730</u>

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				Carrying Value
	1 Apr 2019	Additions	Disposals	Amortisation	31 Mar 2020
Poker machines Entitlements - at Cost	762,730	-	-	-	762,730
	<u>762,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>762,730</u>

11 Trade and Other Payables

Current

Trade Creditors and Accrued Expenses	944,650	785,077
IQumulate Premium Funding	4,359	-
	<u>949,009</u>	<u>785,077</u>

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	2020	2019
	\$	\$
12 Borrowings		
Current		
Hire Purchase Liability	75,188	69,166
Commonwealth Bank Loan	449,890	599,853
Macquarie Insurance Funding	18,030	18,030
	<u>543,108</u>	<u>687,049</u>
Non-Current		
Hire Purchase Liability	103,009	-
Commonwealth Bank Loan	2,927,468	2,515,308
	<u>3,030,477</u>	<u>2,515,308</u>
<p>The following security is held by the Commonwealth Bank of Australia on the overdraft facility, loans and guarantees:</p> <p>i) Registered mortgage over the Club's land and buildings situated at Junction Street, Nowra</p> <p>ii) Registered mortgage over the Club's land and buildings situated at Greenwell Point Road, Worrigeer</p> <p>iii) Registered equitable mortgage debenture over the whole of the Club's assets.</p>		
13 Provisions		
Current		
Provision for Holiday and Sick Pay	291,147	236,573
Provision for Long Service Leave	257,088	257,088
	<u>548,235</u>	<u>493,661</u>
Non-Current		
Provision for Long Service Leave	<u>88,325</u>	<u>116,428</u>
Aggregate Employee Benefit Liability	<u>636,560</u>	<u>610,089</u>
14 Other Liabilities		
Current		
Income in Advance	<u>267,941</u>	<u>257,800</u>

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	2020	2019
	\$	\$
15 Reserves		
Asset Revaluation Reserve	13,933,277	13,933,277
Capital Redemption Reserve	54,472	54,472
	13,987,749	13,987,749
16 Capital and Leasing Commitments		
Finance Lease Commitments		
Payable - minimum lease payments		
Not later than 12 months	75,188	69,514
Between 12 months and five years	103,009	-
Minimum lease payments	178,197	69,514
Less future finance charges	-	(348)
Present value of minimum lease payments	178,197	69,166
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	20,052	47,718
Between 12 months and five years	-	20,052
	20,052	67,770

During the 2020 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

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	2020	2019
	\$	\$
Capital Expenditure Commitments		
Capital expenditure commitments contracted for:		
Capital expenditure projects	<u>250,000</u>	<u>381,000</u>
	<u><u>250,000</u></u>	<u><u>381,000</u></u>
Payable:		
Not later than 12 months	<u>250,000</u>	<u>381,000</u>
	<u><u>250,000</u></u>	<u><u>381,000</u></u>
Details as follows:		
Sports Club Growers Project 2nd Stage \$250,000		
17 Key Management Personnel Compensation		
Total Compensation	<u><u>270,131</u></u>	<u><u>213,295</u></u>
18 Directors Remuneration		
Honoraria and Expenses	1,500	-
Training and Conferences	37,078	35,583
Meals and Refreshments	<u>19,381</u>	<u>7,305</u>
	<u><u>57,959</u></u>	<u><u>42,888</u></u>

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	2020	2019
	\$	\$
<hr/>		
19 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	805	777
Brendan & Lauren Sturgiss - Total remuneration paid for wages and superannuation - Related party of director G.Sturgiss	103,223	86,166
20 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 9 as detailed in the accounting policies to these financial statements, are as follows:		
Financial Assets		
Financial assets at amortised cost:		
- Cash and cash equivalents	1,650,290	1,682,052
- Trade and other receivables	129,211	123,456
Total Financial Assets	1,779,501	1,805,508
Financial Liabilities		
Financial Liabilities at amortised cost		
- Trade and other payables	928,074	123,456
- Borrowings	3,573,585	3,202,357
Total Financial Liabilities	4,501,659	3,325,813

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	2020	2019
	\$	\$
21 Fair Value Measurements		
<p>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.</p>		
Recurring fair value measurements		
<i>Property, plant and equipment</i>		
Freehold Land	14,536,460	14,805,184
Freehold Buildings	17,822,027	16,199,084
	<u>32,358,487</u>	<u>31,004,268</u>

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
A.B.N. 81 000 845 358

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 2020 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 27 May 2020

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
A.B.N. 81 000 845 358

DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION

The additional information on the following 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 audit of the company for the year ended 31 March 2020. It will be appreciated that the 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

Rebeka Schroeder, CA
52 Osborne Street, Nowra NSW 2541
Dated 27 May 2020

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
A.B.N. 81 000 845 358

SUPPLEMENTARY INFORMATION
DEPARTMENTAL PROFIT AND LOSS STATEMENT
For the Year Ended 31 March 2020

	2020	2019
	\$	\$
<hr/>		
Bar Trading		
Bar Sales	2,405,891	2,529,935
Less: Cost of Goods Sold	<u>1,084,269</u>	<u>1,159,395</u>
Gross Profit	1,321,622	1,370,540
Add: Other Income		
Beverage Rebates	81,790	69,488
Points Income	<u>93,780</u>	<u>72,797</u>
	175,570	142,285
Less Expenses		
Bar PayByPoints	-	-
Repairs & Maintenance	38,821	43,337
Stocktake	18,900	18,500
Wastage	7,577	8,054
Wages	556,590	501,618
Depreciation	<u>36,417</u>	<u>35,593</u>
	<u>658,305</u>	<u>607,102</u>
NET PROFIT	<u><u>838,887</u></u>	<u><u>905,723</u></u>

	2020	2019
	\$	\$
<hr/>		
Cafe Trading		
Sales	216,593	211,075
Less: Cost of Goods Sold	<u>105,108</u>	<u>103,807</u>
Gross Profit	111,485	107,267
Less Expenses		
Bonus Points	-	-
Repairs & Requisites	5,447	6,926
Wastage	1,888	2,797
Wages	<u>131,878</u>	<u>132,965</u>
	<u>139,213</u>	<u>142,689</u>
NET PROFIT	<u><u>(27,728)</u></u>	<u><u>(35,422)</u></u>

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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SUPPLEMENTARY INFORMATION
DEPARTMENTAL PROFIT AND LOSS STATEMENT
For the Year Ended 31 March 2020

The Bunker Trading	2020	2019
	\$	\$
Sales	20,537	10,611
Less: Cost of Goods Sold	4,661	4,440
Gross Profit	<u>15,876</u>	<u>6,171</u>
Less Expenses		
Repairs & Requisites	249	153
Wages	19,758	13,211
	<u>20,007</u>	<u>13,364</u>
NET PROFIT	<u><u>(4,131)</u></u>	<u><u>(7,193)</u></u>

	2020	2019
	\$	\$
Gaming Trading		
Net Clearances	<u>10,626,093</u>	<u>10,086,939</u>
	10,626,093	10,086,939
Less Expenses		
AEMP	313,293	47,901
Central Monitoring	105,589	99,805
Club Grants	182,461	245,809
Depreciation	852,025	840,127
Internet Authorisation	5,262	6,036
Loss on Sale	(150,050)	(23,053)
Promotions	-	31,145
Repairs & Maintenance	156,312	149,351
Statewide Jackpot Fees	55,150	57,228
Turnover Tax	1,973,706	1,789,156
Wages	<u>563,599</u>	<u>491,574</u>
	<u>4,057,347</u>	<u>3,735,079</u>
NET PROFIT	<u><u>6,568,746</u></u>	<u><u>6,351,860</u></u>

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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SUPPLEMENTARY INFORMATION
DEPARTMENTAL PROFIT AND LOSS STATEMENT
For the Year Ended 31 March 2020

	2020 \$	2019 \$
Bistro Trading		
Bistro Sales	1,086,750	-
Function Sales	113,579	-
Less: Cost of Goods Sold	514,018	-
Gross Profit	686,311	-
Add: Other Income		
Bistro Points Income	42,361	-
Less Expenses		
Bistro PayByPoint	-	4,760
Bistro Wages	570,624	-
Function Wages	-	-
Bistro Stocktake	-	-
Bistro R&M	50,894	-
Function R&M	3,139	-
Bistro Depreciation	5,577	-
Bistro Sundry	20,875	-
	651,109	4,760
Net Profit To P& L Statement	77,563	(4,760)

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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SUPPLEMENTARY INFORMATION
DEPARTMENTAL PROFIT AND LOSS STATEMENT
For the Year Ended 31 March 2020

Course Trading	2020	2019
	\$	\$
	<hr/>	<hr/>
Pro Shop Takings		
Golf/Access. Sales	79,360	91,574
Food and Bev. Sales	45,989	48,375
	<hr/>	<hr/>
	125,349	139,948
 Less: Cost of Goods Sold		
Food and Bev. Purch	25,681	21,347
Golf Access. Purch.	36,765	58,627
	<hr/>	<hr/>
	62,446	79,974
 Gross Profit	 62,904	 59,974
 Other Income		
Course Annual Subs	137,861	137,731
Course Comp Fees	96,339	89,131
Course Green Fees	176,468	170,748
Course Cart Hire	135,312	145,347
Cart Storage	6,841	10,295
Course Advertising Revenue	18,273	16,166
Fuel Tax Credits	376	2,549
Voucher Sales	3,213	1,650
Goods Hire /Lessons	7,749	8,753
	<hr/>	<hr/>
	645,335	642,345

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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SUPPLEMENTARY INFORMATION
DEPARTMENTAL PROFIT AND LOSS STATEMENT
For the Year Ended 31 March 2020

Course Trading Cont.	2020	2019
	\$	\$
Less Expenses		
Course Affiliation	13,701	14,031
Cart & GPS Hire	45,697	51,222
Course Electricity	13,996	12,595
Course Fertilizers & Chem.	48,480	45,844
Course Fuel & Oil	14,989	15,373
Course Wages	229,803	191,763
Course Advertising	200	3,896
Course Depreciation	402	402
Course Repairs & Maintenance	43,958	42,240
Course Repairs & Maintenance - Machinery	21,115	19,468
Course Printing & Stationary	10,786	4,784
Pro Shop Trophy Expenses	6,417	5,149
Pro Shop - Wastage	274	-
Pro Shop Wages	130,008	149,027
Pro Shop Stocktaking	-	5,950
Pro Shop Vouchers	2,594	5,195
Pro Shop Discounts & Promotions	1,607	3,645
Sub Group Sponsorship	14,752	10,835
Promotional Golf Day	-	5,231
Sundry Golf Expenses	1,234	1,007
	<u>600,013</u>	<u>587,656</u>
NET PROFIT	<u>45,323</u>	<u>54,689</u>

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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SUPPLEMENTARY INFORMATION
DEPARTMENTAL PROFIT AND LOSS STATEMENT
For the Year Ended 31 March 2020

	2020	2019
	\$	\$
Pro Am Trading		
Pro Am Sponsorship	8,627	-
Catering & Entertainment	3,652	-
	12,280	-
Less Expenses		
Catering & Entertainment	3,071	-
Prizes	16,283	-
	19,354	-
Net Profit To P& L Statement	(7,075)	-

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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SUPPLEMENTARY INFORMATION
DEPARTMENTAL PROFIT AND LOSS STATEMENT
For the Year Ended 31 March 2020

Greens Trading

Greens Income	11,419	-
Less Expenses		
Greens Electricity	334	1,216
Greens Fertiliser & Chemicals	8,359	5,825
Greens Wages	76,520	123,455
Greens Repairs & Maintenance	25,561	3,417
Greens Repairs & Maintenance - Machinery	4,041	1,366
Sundry Expenses	18	1,600
	114,833	136,879
NET PROFIT	(103,415)	(136,879)

2020
\$

2019
\$

Commission Trading

KENO Commission	118,800	121,430
KENO Bonus Commission	10,736	11,828
TAB Commision	66,889	67,558
TAB Partnership Rebate	12,000	11,727
TAB Digital Commission	3,871	2,946
Sundry Commission	13,051	15,616
ATM Commission	85,462	76,364
	310,809	307,470
Less Expenses		
TAB Service Fees	18,059	17,280
TAB Stationery	563	1,035
TAB Wages	98,080	96,818
TAB Promotions	-	1,560
TAB Repairs & Maintenance	-	1,434
TAB TV Subscriptions	58,613	59,244
KENO Service Fees	5,783	5,707
KENO Stationery	1,478	4,036
KENO Wages	114,606	110,069
	297,182	297,182
NET PROFIT	13,627	10,287

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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SUPPLEMENTARY INFORMATION
DEPARTMENTAL PROFIT AND LOSS STATEMENT
For the Year Ended 31 March 2020

PROFIT AND LOSS STATEMENT	2020	2019
	\$	\$
INCOME		
Net Profit Bar Trading	838,887	905,723
Net Profit Cafe Trading	(27,728)	(35,422)
Net Profit The Bunker Trading	(4,131)	(7,193)
Net Profit Gaming Trading	6,568,746	6,351,860
Net Profit Bistro Trading	77,563	-
Net Profit Course Trading	45,323	54,689
Pro Am Trading	(7,075)	-
Net Profit Greens Trading	(103,415)	(136,879)
Net Profit Commission	13,627	10,287
	<u>7,401,797</u>	<u>7,143,065</u>
Sundry Income		
Function Room Hire	54,288	50,817
Show Ticket Sales	6,050	7,568
Rent - Restaurant/Resort	113,202	148,123
Rent - Testra Tower	36,722	33,195
Rent - Properties	38,135	11,226
Rent - Advertising	9	-
Wage Recoveries	9,855	-
Raffle Income	355,495	329,664
Members Subscriptions	95,431	111,251
Interest Received	1,778	6,010
Ancillary Clubs	(416)	7,617
Profit/(Loss) on Sale of Non Current Asset	28,037	-
Miscellaneous	11,451	673
Total Sundry Income	<u>750,037</u>	<u>706,145</u>
TOTAL INCOME	<u>8,151,834</u>	<u>7,849,211</u>

SHOALHAVEN EX-SERVICEMEN'S CLUB LIMITED
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SUPPLEMENTARY INFORMATION
DEPARTMENTAL PROFIT AND LOSS STATEMENT
For the Year Ended 31 March 2020

Profit and Loss Statement (cont'd)	2020 \$	2019 \$
	<hr/>	<hr/>
LESS: EXPENDITURE		
Administration Expense		
Total Consultancy Fees	84,558	76,452
Total Finance Expense	263,596	242,781
Total Administration Expenses	462,783	449,411
Total HR Admin Expense	1,359,488	1,365,468
Total Administration Expense	<hr/> <u>2,171,925</u>	<hr/> <u>2,134,112</u>
 Member Expenses		
Total Member Promo Exp	77,847	119,704
Total Direct Mem Benefits	32,376	131,055
Total Gen Mem Benefits	242,612	275,235
Total Member Expenses	<hr/> <u>352,836</u>	<hr/> <u>525,994</u>
 Property Expenses		
Total HR Property Expenses	-	203,305
Total Depreciation	903,062	849,799
Total Rates & Electricity	429,648	450,755
Total Gen Property Exp	784,261	685,170
Total Property Expenses	<hr/> <u>2,116,972</u>	<hr/> <u>2,189,029</u>
 Entertainment Expenses		
Total Ent/Music	39,620	75,567
Total Special Events	9,756	12,933
Total Entertainment Exp	<hr/> <u>49,376</u>	<hr/> <u>88,500</u>
 Promotion Expenses		
Total Promotion R&D Exp	160,517	254,819
Total Venue Wide Promotions	583,360	617,047
Total Promotion Expenses	<hr/> <u>743,877</u>	<hr/> <u>871,866</u>
 Employee Expenses		
Total HR Expense Other	1,296,702	1,154,255
Total Employee Entitle	161,861	154,209
Total Motor Vehicle Exp	20,349	19,833
Total Employee Expenses	<hr/> <u>1,478,912</u>	<hr/> <u>1,328,297</u>
TOTAL EXPENSES	<hr/> <u>6,913,897</u>	<hr/> <u>7,137,798</u>
 NET PROFIT	<hr/> <u>1,237,937</u>	<hr/> <u>711,413</u>