CLUB Jervis Bay

"Always Essential within the Community"

ABN 16 001 023 132

Annual Report - 30 June 2021

Club Jervis Bay Ltd
Contents
30 June 2021

General information

The financial statements cover Club Jervis Bay Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Club Jervis Bay Ltd's functional and presentation currency.

Club Jervis Bay Ltd is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2021. The directors have the power to amend and reissue the financial statements.

Club Jervis Bay Ltd
President's report
30 June 2021

Dear Members,

Since reopening on the 1st of June 2020, the Club has been operating under various COVID-19 restrictions and in August 2021 we entered into another full lockdown with the reopening scheduled for 11th October 2021 at the time of this report. COVID-19 has had an impact on how we run our Club, but I can say it has definitely not been all doom and gloom and we have had an amazing year in terms of our trade and financial results.

I have to thank all our members who have come out to support us throughout the many shutdowns and changing restrictions. We know this has been a very difficult year for many of you for a number of reasons, be it being isolated from family and friends, missing important events, or having general uncertainty about the future.

I would like to think we have seen the worst of the COVID-19 pandemic and are now on the road to recovery.

I am proud to say despite everything that has been thrown at us we have posted a profit of $1,255,532, a truly amazing result and one the Club had not seen the likes of for a very long time. It is a testament to the hard work of the Board and the Staff here at Club Jervis Bay.

Special thanks going to John West who has done an amazing job as CEO, his leadership and commitment have been outstanding. John is supported by a very capable management team, and I would like to extend my thanks to the Club's management team.

Just as I was last year, I am again incredibly proud of the way in which the Club has operated throughout this very difficult time. This has not been easy for the staff, and they have all taken it in their stride and worked together very well. I would like to extend a sincere thanks to all our staff who have worked tirelessly to make the Club successful.

The Club has launched a new Mental Health program which is accessible to all staff and is a fantastic initiative. We want our Club to become an employer of choice for the area and strongly believe one of the best ways to achieve this is to support our staff.

The Club is also working on partnerships with the local schools to offer students the opportunity to work in the hospitality industry. We recognise that there is a need for employment opportunities in the local area and we hope we can support our young community members by giving them experience in the workplace. Again, this is a fantastic initiative and I look forward to growing the program in the coming years.

The Club will be looking to further improve on its facilities in the near future, one of the unfortunate drawbacks of the COVID-19 pandemic has been an uncertainty around the ability for the Club to undertake major capital works, and this has seen a delay in plans to redevelop areas of the Club. I am confident planning for these works will begin in the next 12 months and the Club will be able to offer its members improved facilities and invest in the future of the Club for the benefit of its members. I will, of course, provide members with regular updates once the planning stage for the capital works begins.

Whilst I believe it will still take time before we return to 'normal' I am confident the Club will continue to grow and be recognised as the best little Club on the South Coast.

Gary Elliott
President

Club Jervis Bay Ltd
Treasurer's report
30 June 2021

Dear Members,

Total Assets	16,830,785
Total Liabilities	3,564,424
Total Equity	**13,266,361**

Income	9,545,746
Expenses	8,290,214
Net Profit	**1,255,532**

Department Snapshot	EOY Income	EOY Expenditure	EOY Total	EOY 2020
Bar	1,867,334	1,005,164	862,170	417,019
Gaming	18,317,207	15,705,815	2,611,392	1,720,532
Catering Bayview	2,748,118	2,228,482	519,636	19,273
Catering Café	173,784	114,522	59,262	127,968
Catering Pizza	616,319	446,989	169,330	160,473
Functions	13,614	318	13,296	2,175
Keno & Tab Commission	84,846	88,190	-3,344	3,337
Social Activities	202,762	344,595	-141,833	-171,294
Reception	69,169	208,120	-138,951	-136,473
Bottle Shop	58,136	41,511	16,625	49,535
Other Income	641,571		641,571	496,853
General Expenses		3,285,666	-3,285,666	-2,626,056
Other Expenses		9,818	-9,818	-26,584
Total Profit/Loss	**24,734,724**	**23,479,190**	**1,255,534**	**36,759**

What a turbulent year it has been with COVID-19 lockdowns in NSW, impacting many people and businesses in our region.

We had to face the harsh reality to strategically plan, work around the restrictions of COVID-19 and take into consideration the mental health and well-being of our employees and members.

To our CEO John West, his team, and fellow Board of Directors, thank you for your dedication. It has not been easy, the profit of $1,255,532 speaks volumes for itself.

I would also like to thank our members & guests, for their continued support in these challenging and difficult times.

Elizabeth Abood
Treasurer

Club Jervis Bay Ltd
Chief Executive Officer's report
30 June 2021

Dear Members,

Welcome to the annual report for 2021. I am pleased to announce a profit of $1,255,532 with an EBITDA of $1,831,497, *an EBITDA margin of 19.51%.* This is a great result considering the number of restrictions to trade and numerous LGA and State lockouts we experienced during the year. The Club reopened in the first week of June 2020 and enjoyed strong trading throughout the financial year.

Re–opening the Club under Public Health Orders wasn't without its challenges requiring constant management including enforcing social distancing, remaining seated, QR code and contact tracing requirements, enforcing hot spot LGA visitor restrictions and venue capacities. I would like to thank our frontline staff, members, and guests for their patience and tolerance of all the ongoing and changing requirements in dealing with the restrictions put in place to protect our communities and staff.

Over the financial reporting period from 1 July 2020 to 30 June 2021 all drivers within the Club performed above and beyond set budget estimates. Encouragingly we saw unprecedented increases in memberships, with the majority of patrons taking advantage of the 5-year membership option.

Our Sub–Clubs and numerous Community groups took a big hit during the year with restricted fund-raising opportunities. The Club is pleased to say we were there to support these fantastic groups of people and moving forward we will look to increase that support and help to grow and nurture these relationships.

Due to the uncertainty around continued trading whilst in the midst of the current pandemic the Board and Management made the decision to postpone the planning of the re–development of the Club. Now that we have a clearer understanding of the pathway out of the pandemic trading restrictions one of the major focus points for the Board and Management team over the next 12 months will be the planning process for the re-development of the Club.

The Board and Management undertook a number of strategic development days, and I am pleased to say the 5–year strategic plan and cash–flow modelling shows very strong growth and stability for the Club moving forward which is very pleasing and a major positive considering 5 years ago the Club was very near to being financially unviable.

To all our members thank you for your support and understanding during this time. We look forward to seeing your smiling faces very soon when we re–open our doors to the Club.

I would like to extend my thanks to the Board of Directors for their ongoing support during a very difficult period. I would also like to thank my management team for their hard work and assistance. To all the staff at Club Jervis Bay this has been a very trying time, and I know you have missed out on family visits, BBQs with friends and social gatherings. I am very hopeful we are coming to an end of this pandemic, and we can all look forward to once again continuing to make Club Jervis Bay the best little Club on the South Coast.

John West
Chief Executive Officer

Club Jervis Bay Ltd
Directors' report
30 June 2021

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2021.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Gary Elliott
Robert Roach
Elizabeth Abood
John Mendola
Kevin Nimmo
Dennis Rutherford
Marilyn Fetch

Objectives

Short term objectives

- increasing the level of membership and visitation of the Club
- maintaining its overall viability in terms of liquidity, credit control, legislative and regulatory compliance
- Debt management and financial controls

Long term objectives

- Asset replacement and strategic capital investment
- Increased member services through diversification of facilities and services

Strategy for achieving the objectives

The Club has developed a strategic plan, comprehensive marketing plan, key performance measures and goals for key management personnel to deliver the objectives of the Club.

Principal activities

During the financial year the principal continuing activities of the company consisted of:

- Trading as a Licensed Club

Operating Result

The table below shows a reconciliation of Club Jervis Bay Ltd earnings before interest, income tax, depreciation, amortisation, gains and impairment losses. This is referred to as EBITDA.

	2021 $	2020 $	Change $	Change %
Net profit attributable to members	1,255,532	38,098	1,217,434	3196%
Add back:				
Depreciation expense	523,727	470,455	53,272	11%
Net (gains)/losses on disposal of property, plant and equipment	(30,343)	(11,483)	(18,860)	164%
Interest expenses	82,581	145,804	(63,223)	(43%)
EBITDA	1,831,497	642,874	1,188,623	

Information on directors

Name: Gary Elliott
Title: President
Experience and expertise: Board member since 2014

Name: Robert Roach
Title: Vice President
Experience and expertise: Board member since 1990

Name: Elizabeth Abood
Title: Treasurer
Experience and expertise: Board member since 2017

Name: John Mendola
Title: Director
Experience and expertise: Board member since 2014

Name: Kevin Nimmo
Title: Director
Experience and expertise: Board member since 2015

Name: Dennis Rutherford
Title: Director
Experience and expertise: Board member since 2015

Name: Marilyn Fetch
Title: Director
Experience and expertise: Board member since 2019

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Special Board Meeting		Board Executive Committee	
	Attended	Held	Attended	Held	Attended	Held
Gary Elliott	12	12	7	7	6	6
Robert Roach	12	12	7	7	6	6
Elizabeth Abood	12	12	6	7	6	6
John Mendola	12	12	7	7	-	-
Kevin Nimmo	12	12	7	7	-	-
Dennis Rutherford	12	12	7	7	-	-
Marilyn Fetch	11	12	6	7	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Contributions on winding up

In the event of the company being wound up, ordinary members are required to contribute a maximum of $2 each. Honorary members are not required to contribute.

The total amount that members of the company are liable to contribute if the company is wound up is $13,354, based on 6,677 current ordinary members.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

G Elliott

Gary Elliott
President

E Abood

Liz Abood
Treasurer

30 September 2021

Morton & Cord
Chartered Accountants

DECLARATION OF INDEPENDENCE BY MICHAEL LEES TO THE DIRECTORS OF CLUB JERVIS BAY LTD

As lead auditor for the audit of Club Jervis Bay Ltd for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit.

Morton & Cord

Michael Lees
Partner

Nowra
30 September 2021

admin@mortoncord.com.au | (02) 4421 6633 | 21 Moss St Nowra, PO Box 129
ABN 41 001 455 929 | mortoncord.com.au

Club Jervis Bay Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue	3	9,545,746	6,331,217
Other income	4	534,724	454,096
Interest revenue		277	7,424
Expenses			
Cost of sales		(2,012,421)	(1,368,028)
Employee benefits expense		(3,995,584)	(3,145,471)
Depreciation and amortisation expense		(523,727)	(470,455)
Loss on disposal of assets		(29,434)	(11,483)
Marketing and administration		(369,536)	(350,812)
Poker machine expenses		(858,110)	(467,965)
Light and power		(156,225)	(150,446)
Occupancy		(438,127)	(428,256)
Other expenses		(359,470)	(217,257)
Finance costs		(82,581)	(145,804)
Surplus before income tax expense		1,255,532	36,760
Income tax expense	5	-	-
Surplus after income tax expense for the year attributable to the members of Club Jervis Bay Ltd	24	1,255,532	36,760
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Club Jervis Bay Ltd		1,255,532	36,760

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Club Jervis Bay Ltd
Statement of financial position
As at 30 June 2021

	Note	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	6	1,083,068	742,893
Trade and other receivables	7	7,380	200,056
Inventories	8	113,095	77,084
Other	9	156,296	111,759
Total current assets		1,359,839	1,131,792
Non-current assets			
Financial assets at fair value through other comprehensive income	10	5,351	8,163
Property, plant and equipment	11	15,391,253	12,841,978
Intangibles	12	74,342	74,342
Total non-current assets		15,470,946	12,924,483
Total assets		16,830,785	14,056,275
Liabilities			
Current liabilities			
Trade and other payables	13	777,429	873,475
Borrowings	14	-	590,605
Lease liabilities	15	160,956	102,327
Provisions	16	291,387	255,872
Other	17	25,835	4,250
Total current liabilities		1,255,607	1,826,529
Non-current liabilities			
Payables	18	-	460,117
Borrowings	19	2,097,819	2,037,669
Lease liabilities	20	109,080	69,385
Provisions	21	51,813	33,829
Other	22	50,105	42,756
Total non-current liabilities		2,308,817	2,643,756
Total liabilities		3,564,424	4,470,285
Net assets		13,266,361	9,585,990
Equity			
Reserves	23	4,279,016	1,854,177
Retained surpluses	24	8,987,345	7,731,813
Total equity		13,266,361	9,585,990

The above statement of financial position should be read in conjunction with the accompanying notes

Club Jervis Bay Ltd
Statement of changes in equity
For the year ended 30 June 2021

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2019	-	1,854,177	7,695,053	9,549,230
Surplus after income tax expense for the year	-	-	36,760	36,760
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	36,760	36,760
Balance at 30 June 2020	-	1,854,177	7,731,813	9,585,990

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2020	-	1,854,177	7,731,813	9,585,990
Surplus after income tax expense for the year	-	-	1,255,532	1,255,532
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	1,255,532	1,255,532
Revaluations	-	2,424,839	-	2,424,839
Balance at 30 June 2021	-	4,279,016	8,987,345	13,266,361

The above statement of changes in equity should be read in conjunction with the accompanying notes

Club Jervis Bay Ltd
Statement of cash flows
For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,409,627	6,816,084
Payments to suppliers and employees (inclusive of GST)		(8,339,190)	(6,560,148)
		1,070,437	255,936
Interest received		277	7,424
Other revenue		892,453	687,628
Interest and other finance costs paid		(82,581)	(141,388)
Net cash from operating activities	29	1,880,586	809,600
Cash flows from investing activities			
Payments for property, plant and equipment	11	(723,073)	(616,806)
Proceeds from disposal of property, plant and equipment		74,910	25,497
Net cash used in investing activities		(648,163)	(591,309)
Cash flows from financing activities			
Repayment of borrowings		(892,248)	(226,841)
Net cash used in financing activities		(892,248)	(226,841)
Net increase/(decrease) in cash and cash equivalents		340,175	(8,550)
Cash and cash equivalents at the beginning of the financial year		742,893	751,443
Cash and cash equivalents at the end of the financial year	6	1,083,068	742,893

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Note 1. Significant accounting policies (continued)

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Membership
Income received in advance from membership represents the company's obligation to transfer membership services to members and is recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the services to the member

Customer loyalty program
The company operates a loyalty reward program where customers accumulated points for dollars spent. The reward points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the reward points and the other components of the sale, such that the reward points are recognised at their fair value. Revenue from the reward points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and the adjustment recognised for prior periods, where applicable.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle the claim simultaneously.

Mutuality Principle

Note 1. Significant accounting policies (continued)

The company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the Club or association, e.g. poker machines, bar and food service in the case of social Clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised Clubs and associations.

Amendments to the Income Tax Assessment Act 1997 ensure social Clubs continue not to be taxed on receipts from contributions and payments received from members

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 1. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. 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. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Note 1. Significant accounting policies (continued)

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Note 1. Significant accounting policies (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Goodwill and other indefinite life intangible assets
The company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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

Note 3. Revenue

	2021 $	2020 $
Revenue from contracts with customers		
Poker machine net revenue	3,782,462	2,428,959
Bar sales	1,867,334	1,402,270
Catering sales	2,921,902	1,818,281
Cheesy Grin sales	616,319	448,175
	9,188,017	6,097,685
Other revenue		
Commission	210,319	137,456
Other revenue	147,410	96,076
	357,729	233,532
Revenue	9,545,746	6,331,217

Note 4. Other income

	2021 $	2020 $
Subsidies and grants	465,881	407,500
Member subscriptions	68,843	46,596
Other income	534,724	454,096

Note 5. Income tax expense

	2021 $	2020 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Employee benefits	13,909	24,879
Accrued expenses	(22,792)	(30,080)
Plant and equipment	34,381	22,957
Carried forward tax losses	405,112	377,592
Total deferred tax assets not recognised	430,610	395,348

The above potential tax benefit, which includes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 6. Current assets - cash and cash equivalents

	2021 $	2020 $
Cash on hand	300,000	200,000
Cash at bank	783,068	542,893
	1,083,068	742,893

Note 7. Current assets - trade and other receivables

	2021 $	2020 $
Trade receivables	7,380	200,056

Note 8. Current assets - inventories

	2021 $	2020 $
Stock on hand - at cost	113,095	77,084

Note 9. Current assets - other

	2021 $	2020 $
Prepayments	156,296	111,759

Note 10. Non-current assets - financial assets at fair value through other comprehensive income

	2021 $	2020 $
IAG shares	5,351	8,163

Note 11. Non-current assets - property, plant and equipment

	2021 $	2020 $
Land and buildings - at cost	13,000,000	10,393,557
Freehold improvements - at cost	43,980	-
Plant and equipment - at cost	986,327	1,175,632
Less: Accumulated depreciation	(485,583)	(539,289)
	500,744	636,343
Motor vehicles - at cost	256,182	255,456
Less: Accumulated depreciation	(192,519)	(177,774)
	63,663	77,682
Poker machines	2,519,953	2,204,946
Less: Accumulated depreciation	(737,087)	(470,550)
	1,782,866	1,734,396
	15,391,253	12,841,978

Valuation

An independent valuation by Walsh & Monaghan of the company's properties being the land and buildings was carried out in June 2021 on the basis of open market value for existing use resulted in a valuation of $13,000,000. As a result, the value of land and buildings has been recognised with a corresponding increase to the revaluation reserve of $2,424,839.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land & buildings $	Plant & equipment $	Motor vehicles $	Poker machines $	Total $
Balance at 1 July 2020	10,061,500	968,400	77,682	1,734,396	12,841,978
Additions	159,408	148,960	727	413,978	723,073
Disposals	-	(3,272)	-	(71,638)	(74,910)
Revaluation increments	2,424,839	-	-	-	2,424,839
Transfers in/(out)	512,021	(512,021)	-	-	-
Depreciation expense	(113,788)	(101,323)	(14,746)	(293,870)	(523,727)
Balance at 30 June 2021	13,043,980	500,744	63,663	1,782,866	15,391,253

Core Properties

- Club Jervis Bay premises, 8 Currambene St, Huskisson

Note 12. Non-current assets - intangibles

	2021 $	2020 $
Other intangible assets - at cost	74,342	74,342

Note 13. Current liabilities - trade and other payables

	2021 $	2020 $
Trade payables	777,429	873,475

Note 14. Current liabilities - borrowings

	2021 $	2020 $
Bank loans	-	590,605

Note 15. Current liabilities - lease liabilities

	2021 $	2020 $
Lease liability	160,956	102,327

Note 16. Current liabilities - provisions

	2021 $	2020 $
Annual leave	280,033	246,614
Long service leave	11,354	9,258
	291,387	255,872

Note 17. Current liabilities - other

	2021 $	2020 $
Membership revenue received in advance	25,835	4,250

Note 18. Non-current liabilities - payables

	2021 $	2020 $
Trade payables	-	460,117

Note 19. Non-current liabilities - borrowings

	2021 $	2020 $
Bank loans	2,097,819	2,037,669

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	2021 $	2020 $
Bank loans	2,097,819	2,628,274

Assets pledged as security
The bank overdraft and loans are secured by first mortgages over the company's land and buildings.

Note 20. Non-current liabilities - lease liabilities

	2021 $	2020 $
Lease liability	109,080	69,385

Note 21. Non-current liabilities - provisions

	2021 $	2020 $
Long service leave	51,813	33,829

Note 22. Non-current liabilities - other

	2021 $	2020 $
Membership revenue received in advance	50,105	42,756

Note 23. Equity - reserves

	2021 $	2020 $
Revaluation surplus reserve	4,279,016	1,854,177

Note 24. Equity - retained surpluses

	2021 $	2020 $
Retained surpluses at the beginning of the financial year	7,731,813	7,695,053
Surplus after income tax expense for the year	1,255,532	36,760
Retained surpluses at the end of the financial year	8,987,345	7,731,813

Note 25. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2021 $	2020 $
Aggregate compensation	387,841	351,221

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Morton & Cord, the auditor of the company:

	2021 $	2020 $
Audit services -		
Audit of the financial statements	19,650	19,650
Other services -		
Preparation of the tax return	2,000	1,850
Business advisory services	59,377	61,890
	61,377	63,740
	81,027	83,390

Note 27. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 25.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 28. Events after the reporting period

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

At the time of this report, the NSW Government has enforced a state-wide regional lockdown. The company cannot trade on premises until the lockdown is lifted. The directors and management are monitoring the situation closely and have applied for all available government stimulus measures. The impact of COVID-19 on the Company going forward, including its financial condition cannot be reasonably estimated at this stage and will be reflected in the 2022 annual financial statements.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 29. Reconciliation of surplus after income tax to net cash from operating activities

	2021 $	2020 $
Surplus after income tax expense for the year	1,255,532	36,760
Adjustments for:		
Depreciation and amortisation	523,727	470,455
Net loss on disposal of non-current assets	-	11,483
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	192,676	(173,679)
Increase in inventories	(36,011)	(3,080)
Decrease/(increase) in prepayments	(44,537)	156,082
Decrease in other operating assets	2,812	-
Increase/(decrease) in trade and other payables	(96,046)	324,034
Increase/(decrease) in employee benefits	53,499	(10,581)
Increase/(decrease) in other operating liabilities	28,934	(1,874)
Net cash from operating activities	1,880,586	809,600

Club Jervis Bay Ltd
Directors' declaration
30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

G Elliott

____
Gary Elliott
President

E Abood

____
Liz Abood
Treasurer

30 September 2021

Morton&Cord
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of Club Jervis Bay Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Club Jervis Bay Ltd (the company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Club Jervis Bay Ltd is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Club Jervis Bay Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

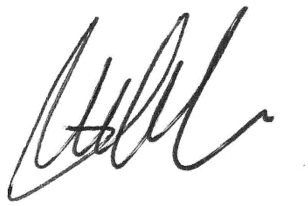
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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 (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

Morton & Cord



Michael Lees
Partner

Nowra
30 September 2021