CLUB

Jervis Bay

"Always Essential within the Community"

2019 PRESIDENTS REPORT TO MEMBERS

Dear Members,

I firstly need to address the statement regarding alleged fraud within the Club issued by the Club in August 2019. The Club stands by this statement and I hope that members can understand that as this is a legal matter, currently in the hands of the police, Boards Members and Staff are not at liberty to comment further. The Board gives its members an undertaking that as soon as it is legally able to it will make a full statement to members.

In 2017 I reported it had been a big year for our Club, in 2018 I reported that 2018 had eclipsed 2017 and that the future of the Club was looking very bright. This year has simply built on this trend and I am very proud of the way the Club is progressing.

I hinted last year that the Club had some exciting projects in the pipeline and it has been fantastic to watch these come to fruition. The changes to the TAB and gaming area has allowed greater comfort for our members and better conformity with regulations. The exterior of the Club has undergone a facelift and the colours better fit the surroundings, I think you will all agree that the new colours have brightened the Club significantly.

By converting the old bar area, this has provided us with a fantastic room for Bingo and our Community Groups, as well as for those who would like a private space for functions.

And the pizza….. what can I say about the Pizza? The Cheesy Grin is a fantastic success story for this Club and highlights just how innovative we have become. Built on the smell of an oily rag and running to an impossible timeline the Cheesy Grin has shown just what you can do when you have staff who are focussed and determined and have the success of the Club at heart. From management to the staff on the floor every person involved pulled together to ensure that the Cheesy Grin has been an amazing success. It looks great, has added an additional food option for our members and guests and the pizza tastes amazing! A few weeks ago we doubled our cooking/capacity with a second pizza oven. This will assist with keeping up with demand and reducing waiting times.

The revamped foyer and upgraded sign-in system has allowed for better flow, especially in the busier times for both members and guests alike, and the bottle-shop has again shown innovation, turning an unused space into something which not only provides an additional service, but provides the Club with additional cash flow.

We said we wanted to focus on being essential within the community, and through our strategic planning process the Club's Vision was adopted *"Always Essential within the Community"*. We have built on our community relationships and we have seen the positive impact this brings to the Club. It is great to see a number of community and sporting groups displaying our logo and participating in our new community raffle. The Club welcomes in the Wobbegongs, the Bay and Basin Women's AFL team and the St George's Basin Junior Touch Football and we look forward to a long association with all community groups.

We made a commitment last year to be the deciders of our own destiny and we have stuck by that. All the projects undertaken have been self-funded and rigorously tested prior to implementation. We have comprehensive procedures and a management team who constantly look for improvements.
Our financial results show a return to profit for the Club for the first time in a number of years without the sale of a sizable asset.

In 2019/20 we will be expanding on the "Bunker" project. Last year we presented members with a concept plan for a fish and chip outlet on the lower level of the Club looking toward Voyager Park.

This project is in the development stage and as with all other projects undertaken in the last year it will need to prove it is a viable option before it progresses to the next stage.

It is very pleasing that with our financial position strengthening and the team we currently have at Club Jervis Bay we are in the position where projects like the "Bunker" are no longer pie in the sky ideas. It is a very exciting concept and I think would be an excellent fit for the Club.

I want to finish up by extending my thanks to all management and staff at Club Jervis Bay for their hard work and commitment throughout the year. I also thank you for being a member and assisting us in growing our business.

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

2019 TREASURERS REPORT TO MEMBERS

Dear Members,

Total Assets	13,934,776.88
Less Liabilities	-4,385,546.93
Total Assets	9,549,229.95

Income Gross Profit	3,662,297.35
Less Total Expenses	-3,758,883.47
Other Income	152,412.82
Less Other Expenses	-25,229.05
Net Profit	**30,597.65**

The Club has delivered a profit of $30,597.65 and the areas of growth are specified below:

Driver	**2019**	**2018**	**Variance**	**%**
Bar	1,669,041.00	1,458,005.00	211,036.00	14.47
Bistro	2,218,463.00	2,201,622.00	16,841.00	0.76
Cheesy Grin	200,333.00	-	200,333.00	-
Keno	91,891.00	110,859.00	-18,968.00	-17.11
Tab	26,378.00	25,627.00	751.00	2.93
EGM	2,999,888.00	2,876,653.00	123,235.00	4.28

I advise that the Club has integrated the old accounting system to MYOB, a new accounting system.

The Club has a bright future ahead and on behalf of the Board of Directors, I would like to take this opportunity to thank our Executive Management and Staff for their efforts and continued focus on improving customer service.

The efforts contributed to delivering increased positive business outcomes for our community, members and guests.

Also a big thank you to our members for their continued loyal support.

Elizabeth Abood
Acting Treasurer
Club Jervis Bay

DIRECTORS' REPORT

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

Directors

The names of each person who has been a director during the year and to the date of this report are:

ELLIOTT, Gary
ROACH, Robert
MENDOLA, John
NIMMO, Kevin
RUTHERFORD, Dennis
ABOOD, Elizabeth
HOSKINS, Lesley (from February 2019)
HILL, Kevin (to January 2019)

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

Principal Activities

The principal activity of the company during the financial year was the carrying on trade as a Registered Club.

Short-term and Long-term Objectives

The company's short-term objectives are:

– to trade profitably as a Registered Club
– to maintain the Club's current working capital
– to achieve the strongest financial position as possible

The company's long-term objectives are:

– to maintain and where possible update Club facilities
– to protect the member's assets

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

– monitoring monthly results
– developing KPI's
– developing and following a long-term strategic plan

Information on Directors

ELLIOTT, Gary	–	President
Experience	–	5 years on the board
ROACH, Robert	–	Treasurer
Experience	–	29 years on the board

DIRECTORS' REPORT

MENDOLA, John	–	Director
Experience	–	5 years on the board
NIMMO, Kevin	–	Director
Experience	–	4 years on the board
RUTHERFORD, Dennis	–	Director
Experience	–	4 years on the board
ABOOD, Elizabeth	–	Director
Experience	–	2 years on the board
HOSKINS, Lesley	–	Director
Experience	–	1 year on the board

Meetings of Directors

During the financial year, 12 meetings of directors were held and 4 special meetings. There were also 2 Board Executive Committee (BEC) meetings. Attendances by each director were as follows:

	Directors' Meetings (general)	
	Number eligible to attend	**Number attended**
ELLIOTT, Gary	12	12
ROACH, Robert	12	10
HILL, Kevin	7	6
MENDOLA, John	12	12
NIMMO, Kevin	12	12
RUTHERFORD, Dennis	12	12
ABOOD, Elizabeth	12	10
HOSKINS, Lesley	7	6

	Directors' Meetings (special)	
	Number eligible to attend	**Number attended**
ELLIOTT, Gary	4	4
ROACH, Robert	4	4
HILL, Kevin	4	4
MENDOLA, John	4	4
NIMMO, Kevin	4	4
RUTHERFORD, Dennis	4	4
ABOOD, Elizabeth	4	4
HOSKINS, Lesley	-	-

DIRECTORS' REPORT

	Board Executive Committee Meetings	
	Number eligible to attend	Number attended
ELLIOTT, Gary	2	2
ROACH, Robert	2	2
HILL, Kevin	2	2

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $2 each towards meeting any outstanding obligations of the entity.

Environmental regulations
The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory

Indemnification of auditors
To the extent permitted by law, the Company has agreed to indemnify its Auditors, Morton & Cord, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Morton & Cord during or since the financial year.

Proceedings on behalf of Company
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 8 of the financial report.

New Accounting Standards Implemented

The entity has implemented AASB 9: *Financial Instruments*, which has come into effect and is included in the results.

AASB 9: *Financial Instruments* has been applied using the retrospective method, with comparative amounts restated where appropriate.

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

Gary Elliott

Elizabeth Abood

11th October 2019

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CLUB JERVIS BAY CLUB LIMITED

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Club Jervis Bay Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

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

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

Morton & Cord

Michael Lees

11th October 2019

21 Moss Street Nowra NSW 2541

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		$	$
Revenue	2	7,205,994	6,672,766
Other income	2	481,493	392,623
		7,687,487	7,065,389
Cost of goods sold		(1,498,924)	(1,409,815)
Employee benefits expense		(3,179,916)	(2,766,832)
Depreciation and amortisation expense	3b	(388,254)	(157,562)
Bar operating expenses		(11,567)	(8,284)
Poker machine operating expenses		(588,301)	(503,523)
Bistro expenses		(47,928)	(111,839)
TAB and Keno operating expenses		(9,031)	(23,537)
Promotions and entertainment expenses		(315,679)	(395,123)
Occupancy expenses		(529,532)	(416,206)
Borrowing costs		(148,064)	(16,355)
Social activities expenses		(306,578)	(331,630)
Tabcorp Gaming Solutions expenses		-	(1,609,244)
Other expenses		(633,115)	(465,517)
Profit before income tax		30,598	(1,150,078)
Income tax expense	4	-	-
Profit for the year		30,598	(1,150,078)
Other comprehensive income		-	-
Total comprehensive income for the year		-	-
Profit attributable to members of the entity		30,598	(1,150,078)
Total comprehensive income attributable to members of the entity		30,598	(1,150,078)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019	2018
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	751,443	604,422
Inventories	6	74,004	55,259
Other assets	7	294,218	82,549
Other investments	8	8,163	8,163
TOTAL CURRENT ASSETS		1,127,828	750,393
NON-CURRENT ASSETS			
Intangible assets	9	74,342	74,342
Other non-current assets	10	-	1,614,959
Property, plant and equipment	11	12,732,607	10,608,419
TOTAL NON-CURRENT ASSETS		12,806,949	12,297,720
TOTAL ASSETS		13,934,777	13,048,113
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,009,559	3,177,336
Provision for employee benefits	13	258,930	238,714
Income in advance	14	22,578	45,587
Interest bearing loans and borrowings		742,967	-
TOTAL CURRENT LIABILITIES		2,034,034	3,461,637
NON-CURRENT LIABILITIES			
Provision for employee benefits	13	41,352	38,548
Income in advance	14	26,322	29,296
Interest bearing loans and borrowings		2,283,839	-
TOTAL NON-CURRENT LIABILITIES		2,351,513	67,844
TOTAL LIABILITIES		4,385,547	3,529,481
NET ASSETS		9,549,230	9,518,632
EQUITY			
Retained earnings		7,695,053	7,664,455
Reserves		1,854,177	1,854,177
TOTAL EQUITY		9,549,230	9,518,632

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2019

	Note	Retained Earnings	Revaluation Surplus	Total
		$	$	$
Balance at 1 July 2017		7,664,455	1,854,177	9,518,632
Comprehensive income				
Profit (loss) for the year		(1,150,078)	-	(1,150,078)
Other comprehensive income for the year:				
– Net fair value gain available-for-sale financial assets	8	-	1,788	1,788
– gain on revaluation of land and buildings		-	-	-
Total comprehensive income attributable to members of the entity for the year		(1,150,078)	1,788	(1,148,290)
Balance at 30 June 2018		7,664,455	1,854,177	9,518,632
Balance at 1 July 2018		7,664,455	1,854,177	9,518,632
Comprehensive income				
Profit (loss) for the year		30,598	-	30,598
Other comprehensive income for the year:				
– Net fair value gain available-for-sale financial assets	8	-	-	-
Total comprehensive income attributable to members of the entity for the year		30,598	-	30,598
Balance at 30 June 2019		7,695,053	1,854,177	9,549,230

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,456,235	7,771,927
Payments to suppliers and employees		(8,828,947)	(8,329,494)
Interest received		5,369	27,562
Net cash generated from operating activities	22	(367,343)	(530,005)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Payment for property, plant and equipment		(2,512,442)	(174,014)
Net cash used in investing activities		(2,512,442)	(174,014)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(493,236)	-
Increase in borrowings		3,520,042	-
Net cash generated by/(used in) financing activities		3,026,806	-
Net increase/(decrease) in cash held		147,021	(704,019)
Cash and cash equivalents at beginning of financial year		604,422	1,308,441
Cash and cash equivalents at end of financial year	5	751,443	604,422

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Club Jervis Bay Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) 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 financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals 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 were authorised for issue on 11th October 2019 by the Directors of the Company.

Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

At 30 June 2019, the Club's total current liabilities exceeded total current assets by $934,583 (2018: $2,711,244). Given that there are financing facilities available to the Club, management have projected the Company will continue to generate positive cash flows for the 2020 financial year. Based on the above, the Directors have concluded that the use of the going concern assumption in the preparation of the financial statements is appropriate.

Accounting Policies

a. **Revenue**

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

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

Poker machine revenue is now shown as net clearances or gross revenue minus payouts. Comparative figures have been adjusted accordingly.

b. **Inventories**

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c. **Property, Plant and Equipment**

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

Freehold property

Freehold land and buildings are shown at their fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the Directors conduct Directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

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

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised 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 (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	**Depreciation Rate**
Buildings	2.5%
Plant and equipment	15–30%
Poker machines	12.5-30%

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d. **Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases.

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e. **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 entity 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 as "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

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

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

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

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over 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;

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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 effective hedging relationships).

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.

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.

Financial assets

Financial assets are subsequently measured at:

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

Measurement is on the basis of two primary criteria:

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

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

- 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 that meets the following conditions is subsequently measured fair value through other comprehensive income:

- 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 measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

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

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “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 with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity's accounting policy.

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

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

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

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 the entity elected to classify 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.

The entity recognised 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;

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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.

General approach

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

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

Simplified approach

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

This approach is applicable to:

- trade receivables; and
- lease receivables.

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

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the entity measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumed that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the entity applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

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

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

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

f. **Impairment of Assets**

At the end of each reporting period, the entity reviews the carrying amounts 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 of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

g. **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, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

Other long-term employee benefits

The Company classifies employees' 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 its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

h. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. **Goods and Services Tax (GST)**

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

j. **Income Tax**

The Income Tax Assessment Act 1997 (Amended) provides that under the concept of mutuality, Clubs are only liable for income tax on income derived from non-members and from outside entities. Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

enacted or substantively enacted by the reporting date.

k. **Provisions**

Provisions are recognised when the entity 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.

l. **Comparative Figures**

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

m. **Trade and Other Payables**

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

n. **Critical Accounting Estimates and Judgements**

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates

(i) *Valuation of freehold land and buildings*

The freehold land and buildings were independently valued and adopted at 30 June 2018 by Walsh & Monaghan Valuers. The valuation was based on the fair value less costs of disposal. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of $976,385 being recognised for the year ended 30 June 2018.

Key judgements

(i) *Employee benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the Company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal Company policy that requires annual leave to be used within 18 months), 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(ii) 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 Company has determined that fair value at grant date for licences granted pre April 2002 to be zero. Should licences be granted to the Company post April 2002 they will be initially recognised at fair value. The Company 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.

(iii) Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is *probable* that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

o. **Fair Value of Assets and Liabilities**

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

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

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

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

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

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

p. **Initial application of AASB 9: *Financial Instruments***

The entity has adopted AASB 9 with a date of initial application of 1 July 2018. As a result the entity has changed its financial instruments accounting policies.

AASB 9 requires retrospective application with some exemptions and exceptions (eg when applying the effective interest method, impairment measurement requirements, and hedge accounting in terms of the Standard).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There were no financial assets/liabilities which the entity had previously designated as at fair value through profit or loss under AASB 139: *Financial Instruments: Recognition and Measurement* that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the entity has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: REVENUE AND OTHER INCOME

		Note	2019	2018
			$	$
Revenue		**Note**		
Trading income				
–	bar sales		1,669,041	1,458,005
–	bistro revenue		2,218,463	2,201,622
–	pizza & gelato bar		200,333	-
–	keno commission		91,891	110,859
–	poker machine revenue	1.a	2,999,888	2,876,653
–	TAB commission		26,378	25,627
			7,205,994	6,672,766
Other income				
–	interest received		5,369	27,562
–	member subscriptions		25,797	27,039
–	other revenue		136,990	72,437
–	social activities		229,122	250,931
–	renovation contributions		84,215	14,654
Total other income			481,493	392,623
Total revenue and other income			7,687,487	7,065,389

NOTE 3: PROFIT FOR THE YEAR

			Note	2019	2018
	Expenses				
a.	Employee benefits expense:				
	–	contributions superannuation funds		260,057	223,794
	–	adjustments for accounting estimate change in employee entitlements	1.g	23,020	77,380
				283,077	301,174
b.	Depreciation and amortisation:				
	–	land and buildings		107,737	104,500
	–	plant and equipment		280,517	53,062
	Total depreciation and amortisation			388,254	157,562

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 4: INCOME TAX

(a) The major components of income tax expense for the years ended 30 June 2019 and 2018 are:

	2019	2018
Current income tax charge:	$	$
Current income tax charge	-	-
Deferred tax:		
Relating to the origination and reversal of temporary differences	-	-
Adjustments relating to prior year	-	-
Income tax expense reported in the statement of profit and loss and other comprehensive income	-	-

(b) A reconciliation of tax expense and the accounting profit multiplied by Australia's domestic tax rate for the years 2019 and 2018:

	2019	2018
	$	$
Accounting profit before tax	30,598	(1,150,078)
At Company's statutory tax rate of 27.5%	8,415	(316,271)
Add the tax effect of:		
Non-deductible member only expenses	330,679	356,088
Add the tax effect of:		
Other non-temporary differences	101,638	(268,009)
Tax losses deducted	-	-
Deductible expenses	(99,637)	(73,781)
Net income from members not subject to income tax	(337,691)	(307,555)
	3,404	(73,510)

(c) Deferred tax assets

	2019	2018
	$	$
(ii)DEFERRED TAX LIABILITIES:		
Fixed assets	28,796	-
	28,796	-
(ii)DEFERRED TAX ASSETS:		
Accruals	(11,908)	(3,472)
Provisions	14,426	(18,253)
Carried forward tax losses	298,545	297,396
	301,063	275,671
Net deferred tax asset	272,267	275,671

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which Club Jervis Bay Limited can utilise the benefits therein, noting that the Company does not pay tax on income subject to the principle of mutuality (refer Note 1.n (iii))

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 5: CASH AND CASH EQUIVALENTS

	2019	2018
	$	$
CURRENT		
Cash at bank	501,443	361,081
Cash on hand	250,000	243,341
	751,443	604,422

NOTE 6: INVENTORIES

CURRENT		
At cost:		
Bar stock	50,995	33,084
Catering stock	17,564	16,730
Prize stock	5,445	5,445
	74,004	55,259

NOTE 7: OTHER ASSETS

CURRENT		
Deferred borrowing costs	-	448
Prepayments	82,459	75,442
Trade debtors	26,377	6,659
Other amounts recoverable	185,382	-
	294,218	82,549

NOTE 8: OTHER INVESTMENTS

CURRENT		
IAG shares	8,163	8,163
	8,163	8,163

NOTE 9: INTANGIBLE ASSETS

NON-CURRENT		
Poker machine entitlements	74,342	74,342
	74,342	74,342

NOTE 10: OTHER NON-CURRENT ASSETS

NON-CURRENT		
Tabcorp Gaming Solutions poker machine fleet purchase	-	1,614,959
	-	1,614,959

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	$	$
Land and Buildings		
Land & improvements:		
– independent valuation - 2017	5,995,000	5,995,000
Total land & improvements	5,995,000	5,995,000
Buildings at fair value:		
– independent valuation - 2017	4,380,000	4,380,000
Less accumulated depreciation	(212,237)	(104,500)
Total club development	4,167,763	4,275,500
Total land and buildings	10,162,763	10,270,500
Poker Machines		
At cost	2,058,823	-
Less accumulated depreciation	(202,534)	-
Total Poker Machines	1,856,289	-
Plant & Equipment		
Bar equipment:		
At cost	389,868	313,037
Less accumulated depreciation	(291,085)	(279,091)
	98,783	33,946
Building improvements:		
At cost	199,849	91,338
Less accumulated depreciation	(2,216)	(990)
	197,633	90,348
Courtesy bus:		
At cost	160,432	160,432
Less accumulated depreciation	(139,744)	(134,969)
	20,688	25,463
Furniture & fittings:		
At cost	180,060	161,877
Less accumulated depreciation	(83,852)	(65,416)
	96,208	96,461
Motor vehicles:		
At cost	95,212	21,099
Less accumulated depreciation	(20,293)	(19,895)
	74,919	1,204
Office equipment:		
At cost	85,537	74,142
Less accumulated depreciation	(61,290)	(56,878)
	24,247	17,264

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	$	$
Kitchen equipment:		
At cost	110,355	96,778
Less accumulated depreciation	(79,602)	(69,507)
	30,753	27,271
The Cheesy Grin		
At cost	63,362	-
Less accumulated depreciation	(4,516)	-
	58,846	-
Solar panels:		
At cost	82,359	82,359
Less accumulated depreciation	(57,921)	(49,686)
	24,438	32,673
Air conditioning:		
At cost	90,217	14,212
Less accumulated depreciation	(3,168)	(923)
	87,049	13,289
Total plant and equipment	713,555	337,919
Total property, plant and equipment	12,732,607	10,608,419

Movements in Carrying Amounts

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

	Land and Buildings	Poker Machines	Plant and Equipment	Total
	$	$	$	$
2019				
Balance at the beginning of the year	10,270,500	-	337,919	10,608,419
Additions at cost	-	2,058,823	453,619	2,512,442
Revaluation	-	-	-	-
Reclassifications	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(107,737)	(202,534)	(77,983)	(388,254)
Carrying amount at the end of the year	10,162,763	1,856,289	713,555	12,732,607

Core Properties

The following are core properties:

- 8 Currambene Street, Huskisson NSW 2540

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 12: TRADE AND OTHER PAYABLES

	2019	2018
	$	$
CURRENT		
Trade payables	210,429	180,890
Other current payables	799,130	151,446
Tabcorp Gaming Solutions payment	-	2,845,000
	1,009,559	3,177,336

a. **Financial liabilities at amortised cost classified as trade and other payables**

	2019	2018
Trade and other payables:		
– total current	210,429	28,471
– total non-current	-	-
Financial liabilities as trade and other payables	210,429	28,471

NOTE 13: PROVISION FOR EMPLOYEE BENEFITS

	2019	2018
CURRENT		
Provision for employee benefits:		
Annual leave	173,899	153,156
Time in lieu	9,040	9,566
Long service leave	75,991	75,992
	258,930	238,714
NON-CURRENT		
Provision for employee benefits:		
Long service leave	41,352	38,548
	41,352	38,548
Total provision for employee benefits	300,282	277,262

Provision for employee benefits

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13: PROVISION FOR EMPLOYEE BENEFITS

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

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(g).

NOTE 14: INCOME IN ADVANCE

	2019	2018
	$	$
CURRENT		
Membership subscriptions in advance	22,578	25,138
Income in advance	-	20,449
	22,578	45,587
NON-CURRENT		
Membership subscriptions in advance	26,322	29,296
	26,322	29,296

NOTE 15: INTEREST BEARING LOANS AND BORROWINGS

	2019	2018
	$	$
CURRENT		
Macquarie	10,168	-
Bank Loan	625,334	-
Ford Raptor	16,072	-
Aristocrat	27,744	-
Insurance	63,649	-
	742,967	-
NON-CURRENT		
Macquarie	11,533	-
Bank Loan	2,162,335	-
Ford Raptor	62,344	
Aristocrat	47,627	-
	2,283,839	-

In respect of the Bank loans, totalling $3,150,000 the bank holds a First Registered Mortgage over all of the Company's property and a fixed and floating charge over all the Company's assets in support of its guarantee and loan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Loan Facility Limits	
Bank loan – variable	3,150,000
Overdraft facility	100,000
	1,009,412
Loan facilities available	
Bank loan – variable	-
Overdraft facility	100,000
	219,890

NOTE 16: CONTINGENT LIABILITIES

The club has a mortality benefits scheme. At the 30 June 2019 there were 212 people eligible for the payment. The payment will be recognised when due and payable. The total potential liability is $84,800.

NOTE 17: EVENTS AFTER THE REPORTING PERIOD

The Directors issued a Members Notice on 5 September 2019 regarding alleged fraudulent activity within the business. The matter has been referred to the NSW Police. The Directors are not aware of any other significant events since the end of the reporting period.

NOTE 18: KEY MANAGEMENT PERSONNEL COMPENSATION

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

The Key Management Personnel of the Company during the year are:

Gary Elliott	President
Robert Roach	Senior Vice President
John Mendola	Director
Kevin Nimmo	Director
Dennis Rutherford	Director
Elizabeth Abood	Director
Lesley Hoskins	Director
Kevin Hill	Director
John West	Chief Executive Officer
Rita Muscat	Operations Manager
Aiden Jack	Finance Manager
Kim Williams	Catering Manager

The total remuneration/honorarium paid to Key Management Personnel (KMP) of the Company during the year is as follows:

	2019	2018
	$	$
KMP compensation	474,218	445,307

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19: OTHER RELATED PARTY TRANSACTIONS

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

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

NOTE 20: FAIR VALUE MEASUREMENTS

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

	Note	2019	2018
		$	$
Recurring fair value measurements			
Property, plant and equipment			
Freehold land and buildings (i)	11	10,375,000	10,375,000
		10,375,000	10,375,000
Financial assets			
Financial assets at fair value through profit or loss:			
Available-for-sale financial assets:			
– shares in listed corporations (ii)	8	8,163	8,163
		8,163	8,163

(i) For freehold land and buildings, the fair values are based on a valuation, which used comparable market data for similar properties.

(ii) For investments in listed shares, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

NOTE 21: RESERVES

a. **Revaluation Surplus**

The revaluation surplus records the revaluations of non-current assets. Where revaluations are deemed to represent profits of a permanent nature, dividends may be declared from this reserve.

	Note	2019	2018
		$	$
Gain on revaluation of land and buildings	11	-	-
Gain on revaluation of financial assets	8	-	1,788
Movement in revaluation surplus		-	1,788

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 22: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2019	2018
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	30,598	(1,150,078)
Depreciation	388,254	157,562
(Gain)/loss on sale of property, plant and equipment	-	8,920
Operating profit before changes in working capital and provisions	418,852	(983,596)
(Increase)/decrease in inventories	(18,745)	12,782
(Increase)/decrease in other assets	(212,669)	(50,419)
(Increase)/decrease in other non-current assets	1,615,959	(1,614,959)
(Decrease)/increase in trade and other payables	(2,167,777)	2,787,218
(Decrease)/Increase in provisions and employee benefits	23,020	(118,687)
(Decrease)/Increase of other liabilities	(25,983)	(562,344)
Net cash from operating activities	(367,343)	(530,005)

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Club Jervis Bay Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 33, are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and

    b. give a true and fair view of the financial position of the company as at 30 June 2019 and of its performance for the year ended on that date.

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

Gary Elliott

Elizabeth Abood

Dated this 11th day of October 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLUB JERVIS BAY LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Club Jervis Bay Limited (the company), which comprises the statement of financial position as at 30 June 2019, 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 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 30 June 2019 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

Emphasis of Matter – TGS commercial separation

We draw attention to Note 1.q of the financial report, which describes the effects of the commercial separation from Tabcorp Gaming Solutions NSW Pty Ltd. Our opinion is not modified in respect of this matter.

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

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLUB JERVIS BAY LIMITED

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.

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

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

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

Morton + Cord

Morton & Cord
11th October 2019
21 Moss Street Nowra NSW 2541

Michael Lees