



**FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**30 APRIL 2019**

*Eden Fishermen's Recreation Club Limited*  
*ABN 43 000 071 125*  
*A Company Limited by Guarantee*



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Eden Fishermen's Recreation Club Limited (ABN 43 000 071 125)

## NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Eden Fishermen's Recreation Club will be conducted at the Clubhouse, 217 Imlay Street Eden on Sunday August 25<sup>th</sup> 2019 at 10am.

The business of the Annual General Meeting shall be as follows:

1. To confirm the minutes of the previous Annual General Meeting held on 26 August 2018.
2. To confirm minutes General Meeting conducted on June 12<sup>th</sup> 2019.
3. To receive and consider the Directors' Report and Directors' Declaration.
4. To receive and consider the financial statements and the Independent Audit Report to the members.
5. To pass the following ordinary resolutions:

### FIRST RESOLUTION:

*That pursuant to the Registered Clubs Act:*

- (a) *The Members hereby approve and agree to expenditure by the Club of a sum not exceeding \$25,000 until the next Annual General Meeting of the Club for the following activities of Directors:*
  - (i) *The reasonable cost of a meal and beverage for each Director immediately after a Board or Committee meeting where the meeting corresponds with a normal meal time.*
  - (ii) *Reasonable expenses incurred by Directors in relation to such duties including the entertainment of special guests to the Club and other promotional activities performed by Directors which activities and the expenses there from are approved by the Board before payment is made on production of receipts, invoices or other documentary evidence of such expenditure.*
  - (iii) *Reasonable expenditure on food and beverages for Directors and their spouses on one dinner per year and other functions where appropriate and required to represent the Club.*
  - (iv) *The reasonable cost of food and beverage services whilst socializing within the Club and interacting with the membership.*
- (b) *The Members acknowledge that the benefits in paragraph (a) above are not available to members generally but only for those who are Directors of the Club.*

### SECOND RESOLUTION:

*That pursuant to the Registered Clubs Act:*

- (a) *The Members hereby approve and agree to expenditure by the Club of a sum not exceeding \$20,000 for the professional development and education of Directors until the next Annual General Meeting of the Club and being:*
  - (i) *The reasonable cost of Directors attending the Clubs NSW Annual General Meeting.*
  - (ii) *The reasonable cost of Directors attending seminars, lectures, trade displays and other similar events as may be determined by the Board from time to time.*
  - (iii) *The reasonable cost of Directors attending other Registered Clubs or similar types of business for the purpose of observing their facilities and methods of operation provided such attendances are approved by the Board as being necessary for the betterment of the Club.*
  - (iv) *Attendance at Functions with spouses where appropriate, and required to represent the Club.*
- (b) *The Members acknowledge that the benefits in paragraph (a) above are not available to Members generally but only to those who are Directors of the Club and those Members directly involved in the above activities.*



Eden Fishermen's Recreation Club Limited (ABN 43 000 071 125)

## NOTICE OF ANNUAL GENERAL MEETING (Continued)

### **Explanatory notes to members**

*These notes are to be read in conjunction with the proposed Resolutions.*

- 1. The purpose of the first Resolution is to meet the disclosure requirements of the Registered Clubs Act. It relates to expenditure shown in the Club's Annual Accounts in previous years approved by the members when the annual accounts have been adopted. The adoption of this Resolution by members will confirm and set an upper limit on the amount to be expended, and will meet the disclosure requirements of the Registered Clubs Act 1976 (NSW).*
- 2. The purpose of the second Resolution is again to meet the disclosure requirements of the Registered Clubs Act. It relates to expenditure by the Club for the professional development and education of Directors, as well as ensuring the Directors keep up to date with current Club Industry development, and that the Club is represented by selected Directors at the various meetings of Associations of which the Club is a member. The adoption of this Resolution by members will confirm and set an upper limit to be expended and meet the disclosure requirements of the Registered Clubs Act 1976 (NSW).*

### **6. General Business.**

- To receive and consider any motion/s put forward by the Members in accord with the Constitution and at the discretion of the Chairman.
- To conduct any general business considered appropriate and at the discretion of the Chairman.
- To confirm the election of 2 Directors in accordance with the Club Constitution Rule 28.1

### **Voting at Club**

Voting for the nominees for the position as Director shall take place in person at the Eden Fishermen's Recreation Club, 217 Imlay Street Eden.

Current financial members will need to show their current signed membership card to receive a ballot paper.

Under the Constitution of the Club adopted at the June 28 2017 General Meeting, postal voting is NO longer applicable.

Voting opens Friday 26<sup>th</sup> July and closes on 12 midday on Friday 23<sup>rd</sup> August.

Voting times are Monday to Friday 10am to 5 pm each day.

A count of Face-to-Face votes and amalgamation of ballot results will be conducted at the Club commencing at 10.00am, Sunday 25<sup>th</sup> August 2019, and the result announced at the AGM.

7. To declare elected two (2) directors, Mrs E. Hansen and Mr P. Webster who retire by rotation, in accordance with the Constitution.

By order of the Board of Directors.

A handwritten signature in black ink, appearing to read 'A Terry'.

Andrew Michael Terry  
Secretary Manager  
Eden Fishermen's Recreation Club Ltd  
EDEN, 25 July 2019



## **CHAIRMAN'S REPORT**

Our 2018-19 financial year saw the club continue to capitalise on the previous year's efforts to not only restructure much of the core traditional business, but make positive inroads into addressing the challenges of our aging buildings and facilities which have been unfortunately the subject of a lack of major investment over the past fifteen years or so.

The Club recorded an Operating profit for the Recreation Club of \$182,954 and an operating loss for the Country Club of \$256,477 for year ended April 30 2019.

Compared to the previous year, the Group result was loss of \$357,413 compared to a loss of - \$880,466 recorded for the year ended 2018, an improvement in position of \$523,053.

Going into the financial year, our major objective was to continue to grow our food, beverage and gaming revenues based on much of the hard work and decisions taken in the previous eighteen months and attempt to stabilise our exposure in repairs, maintenance and failing plant and equipment expenses which had significantly reduced our cash resources and placed additional stress upon our limited banking facilities.

As the CEO will outline in his report, we once again recorded record growth in revenue over the past year, however as we entered 2019 club activity slowed dramatically largely as a direct result of rising household costs and concerns over a change in Government policy leading into the federal election resulted in a sharp decline in club activity between January and April having sustained almost twelve consecutive months of growth throughout 2018.

There were a number of significant improvements the club managed to achieve throughout the course of the year;

- Installation of new lounge furniture in the Fred Woods Bar in February
- Installation of heating and air conditioning at the Country Club for the 1<sup>st</sup> time in many years.
- Further improvements to the Eden golf course and surrounds
- Replaced and repaired the roof ceilings over the club's auditorium and captain's table function room to eliminate ongoing leaks and water damage.
- New plants at the Recreation Club entry areas
- Major Upgrades to the clubs audio systems and internet services with the final arrival of NBN in November last year.
- A new second courtesy bus increasing our ability to collect and return patrons and visitors to both venues.
- Significant investment in employee training and supervisory roles.
- Successful agreement on the final terms related to the residential development of the Eden Gardens Country Club.

The Club fell short of meeting it's budgeted outcome for the year and this was in the large due to problems associated with the contract caterers which resulted in the club having to terminate two separate caterers over the past 12 months and regain staffing control (December to January and then from early March to years end) .

Further un-forecasted costs associated with maintenance and building repairs also resulted in the Club falling short of its targeted return to surplus.



*Eden Fishermen's Recreation Club Limited (ABN 43 000 071 125)*

### **CHAIRMAN'S REPORT (continued)**

As mentioned, by far the single most significant event throughout the year was the completion of the Project Delivery Agreement terms to commence the long awaited development of the Eden Country Club site.

This project will not only secure the financial future of the Club but generate new opportunities previously unattainable and secure both short and long term solvency so that the club has sufficient funds to continue our investment in member services and facilities into the future.

In closing I would like to express my appreciation to my fellow Board members and management team whom have worked tirelessly throughout the year in difficult and at times extremely challenging conditions to bring us to the position where we now stand and most of all express sincere thanks to our members for their support and patience over this period.

I would also like to acknowledge our employee's and thank them for their ongoing service in assisting Andrew and his team continue to provide the people of Eden and broader surrounds with the hospitality and enjoyment of the facilities and services the Club offers every day of the year.

A handwritten signature in black ink, appearing to read "Colin Clarke".

Colin Clarke  
Chairman



## **2018/19 COMMUNITY SUPPORT**

### **CLUB GRANTS RECIPIENTS**

• Cobargo School of Arts Committee	\$500
• Defence Care RSL NSW	\$500
• Grand Pacific Health	\$600
• Hospital Art – Eden	\$1,150
• Men's Shed Merimbula	\$1,250
• Pambula Life Saving Inc	\$1,000
• Road Safety Education	\$500
• St Vincent De Paul Society	\$500
• Tulgeen Group (Youth Suicide)	\$2,000

### **SPONSORSHIP AND IN KIND SUPPORT**

- Eden Deb Ball Society
- ESCI
- Eden Chamber of Commerce
- Eden Whale festival
- Cruise Eden
- Eden Marine High School
- Eden Lioness Club
- Shoalhaven Hot Rod Club
- Eden Amateur Fishing Club
- Eden Swimming Club
- Eden Tigers RLFC
- Eden Whalers AFLFC
- South East Timer Association
- Eden Sub Branch RSL
- Breast Cancer Institute
- South East Arts – Giyyong Music Festival
- Eden Game Fishing Club
- Pambula Merimbula Police & Emergency Services Annual Charity Golf Day
- Eden Soccer Club
- Eden Visitor Information Centre
- Eden Dads Army social Golf
- Eden View Club
- Eden Great Shave



*Eden Fishermen's Recreation Club Limited (ABN 43 000 071 125)*

## **CHIEF EXECUTIVES OFFICER'S REPORT**

Over the past financial year, the Club's intention was to build upon strong growth created throughout the 2017/18 year recording its second highest level of Gross Income in recorded history. \*

\* Excluding Catering revenue (given that it was contracted for the 10 of the twelve months), our overall income was actually 7% higher than the previous year.

These results were only possible arising from the reform agenda and internal structural changes adopted by the Board throughout 2017-2018 which saw the Club retain and marginally increase much of the new business captured in the previous year.

The Recreation Club was the stand out performer with strong increases in both Beverage Sales (+ 14 %) and Gaming (+10 %) whereas the Country Club experienced a significant decline in business activity in the first three months into 2019 recording an overall increase in bar revenue of 7 % for the year and a decline of – 4% in Gaming revenue .

Given that across the State , Gaming revenues have stagnated for the past several years with average annual growth of less than 3 % , the Fishermen's Club result far exceeds that of nearly all other areas and would not have possible without the significant investment in the fleet over the past 18 eighteen month.

The Club recorded a consolidated net loss of - \$357,413 for the year which was an improvement of \$523,053 on 2018. Of which the Country Club accounted for a loss of \$256,477.

Unfortunately, over the course of the year, the Club was left with little option but to terminate both contract contractors due to their failure to sufficiently deliver on the standard meal service required under the terms of the agreement. This outcome required the club to reengage staff and operate the Buffet for a number of months and as such, we did not meet the budgeted targets set at the beginning of the year arising from this unfortunate situation as we had no allowance for catering wages and associated costs.

Continued maintenance and repair costs across both sites also resulted in higher expenses than had been initially planned, in particular major repairs to the Recreation Club rooftop which had been neglected for years and subsequent water damage to other parts of the building which could no longer be tolerated.

In regards to the Country Club, the club continued significant investment in both greens maintenance improvements and changes in regards to the contract catering and Golf Professional arrangements over the course of the year, however a very poor start to 2019 saw club member activity experience a significant slowdown between January and April which offset the majority of gains made throughout 2018.

Given the bulk of our membership are retirees and on fixed incomes, increased cost of living pressures and concerns as to a possible change in Government did not help boost consumer confidence and as a result many people altered or restricted their social and recreational activity.



*Eden Fishermen's Recreation Club Limited (ABN 43 000 071 125)*

### **CHIEF EXECUTIVES OFFICER'S REPORT (continued)**

There was significant strengthening of the Club's management and senior supervisory team over the past year with the appointment of experienced club manager Grant Taylor and continued investment in our tourism and Cruise Eden business activities in anticipation of the increased passenger ship arrivals now that the newly constructed wharf at the Port of Eden has been completed.

The other significant event throughout the year was the final negotiations in respect to the proposed development plans for the Country Club with chosen development partner Lincoln Place.

Our members unanimously endorsed the Board's power to enter a development agreement with developer Lincoln Place at a special general meeting conducted on June 12<sup>th</sup> and this now paves the way for the project management team to prepare the Development application/s and proceed to lodge the project before Bega Valley Council within the next few months.

I would like to thank the members for their trust and ongoing support throughout the year and special acknowledgment to our Men's, Women bowlers and the Eden Gardens Golf Club committee whom have continued to promote the facility and their respective sports in assisting management attract increased business at the site.

I also need to recognise our contract partners, Tony & Therese from Chefs Choice and Edward Tamset our Golf Pro whom commenced working us throughout the year.

We are by no means a big Club, but the quality of our people is second to none. To Bruce Langborne (Finance Manager), Christine Ward (House Manager) and Julie Young (Member Services Manager) and other senior staff, my particular appreciation for supporting both I and the Board throughout the year and to our employees who have equally responded to the many challenges we have contended with over the past several years.

A handwritten signature in black ink, appearing to read "Andrew Terry".

Andrew Terry  
Chief Executive Officer

# Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

A Company Limited by Guarantee

## APPENDIX A

### Financial Statements

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For the Year Ended 30 April 2019

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# Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

## Directors' Report

30 April 2019

The directors present their report on Eden Fishermen's Recreation Club Limited for the financial year ended 30 April 2019.

### (a) General information

#### Information on directors

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

Colin Clarke

Qualifications	Retired
Date of Appointment	29 August 2005
Special responsibilities	Chairman

Alexander Chomatek

Qualifications	Retired
Date of Appointment	24 August 2003
Special responsibilities	Vice Chairman

Elizabeth Buckland

Qualifications	Retail Proprietor
Date of Appointment	27 July 1997
Special responsibilities	Director

Erica Hansen

Qualifications	Forester
Date of Appointment	30 January 2012
Special responsibilities	Deputy Vice Chairwoman

John Pickett

Qualifications	Semi-Retired
Date of Appointment	30 January 2012
Special responsibilities	Director

Paul Webster

Qualifications	Harbour Master
Date of Appointment	28 August 2013
Special responsibilities	Director

Daryl Spalding

Qualifications	Cleaning Contractor
Date of Appointment	24 August 2014
Date of Resignation	27 June 2019
Special responsibilities	Director

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

## **Eden Fishermen's Recreation Club Limited**

A.B.N 43 000 071 125

# **Directors' Report**

**30 April 2019**

### **Principal activities**

The principal activity of Eden Fishermen's Recreation Club Limited during the financial year was that of a Registered Club and the maintenance of sporting and social activities.

No significant changes in the nature of the Company's activity occurred during the financial year.

### **Short term objectives**

The Company's short term objectives are to remain constant with the majority of emphasis remaining main stream revenue of gaming, beverage sales, the provision of quality catering and provisions of suitable sporting facilities.

### **Long term objectives**

The Company's long term objectives are centred on ensuring that our core club business model remains an ongoing sustainable business. To deliver this objective, the Board identify the need for the business to be " Fit for Market " and as such much ensure we constantly regenerate and innovate our core services in food, beverage, gaming and social/sporting activities to attract both new members and retain existing members. Our club needs to remain competitive and open to changes in consumer trends and behaviours, as such reinvestment in core facilities is seen as a major priority over the upcoming year.

### **Strategy for achieving the objectives**

To achieve these objectives, the Company adopts current licensed club industry practices and strategies to ensure that the short and long term objectives are met.

### **How principal activities assisted in achieving the objectives**

The principal activities assisted the Company in achieving its objectives by providing quality Club and sporting facilities in Eden for the benefit of members and guests.

### **Performance measures**

The following measures are used within the Company to monitor performance:

- On a monthly basis reports are generated that measure (amongst other things) members and visitor visitations, cashflow, short and long term debt, departmental trading, efficiencies in energy usage, EBITDARD, payroll movement and stock control. These are compared month to month, year to date actual and budget forecasts, which are then discussed at length between the Board and Management. Outside influences such as tourism, global, national and local economies are monitored and measured against the effect on relevant industry trading flow on to our small community of Eden.

### **Significant changes in state of affairs**

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

# Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

## Directors' Report

30 April 2019

### Members guarantee

Eden Fishermen's Recreation Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person who ceased to be a member in the year prior to the winding up, is limited to \$2, subject to the provisions of the company's constitution.

At 30 April 2019, the collective liability of members was \$5,794 (2018: \$6,282).

### (b) Review of operations for the year

Despite the Club continuing to achieve increased revenue across its major revenue centres (Bar and Gaming), most these gains were offset by unplanned events surrounding the Catering division and continued exposure to excessively high repairs and maintenance expenses.

Attempts by the Club to outsource the clubs principal catering activities resulted in the club having to terminate two separate contractors due to their inability to maintain a sufficient standards of both product quality and value resulting in the Club re-engaging its workforce and operating the Buffet for extended periods. This situation resulted in significantly lower sales income in both Bistro Income -67% and bar -33%.

Our repairs expenses for the year failed to decline to the levels we had budgeted for coming in at \$568,931 compared to the previous year's expenses of \$643,311. This brings the total outlays in related Repairs and maintenance to \$1.22 million dollars and clearly unsustainable. Unfortunately, as commented in the 2018 annual report, this situation reflects a lack of investment in plant, building, machinery and equipment over a prolonged period of time (years) and in the absence of a preventative maintenance program and subsequent funding facility represents a significant challenge to management going forward.

The club is forecasting a consistent level of trade for the forward year with limited growth across the bars and gaming and therefore will be focussing on cost reviews of major expense areas.

### (c) Other items

#### Future developments and results

Much of the expense and outlays incurred throughout the past financial year are deemed non-recurring in the upcoming year, therefore the Club has forecast a return to surplus on the back of stronger core revenue across Bar, Gaming departments, whilst contract arrangements commencing July 12<sup>th</sup> 2019 for the Coast Buffet will see the catering division return to a cash positive position for the remainder of the 2019-20 financial year.

Our immediate business goals are to consolidate and continue to focus on attracting and increasing a larger share of the domestic tourism markets as Eden's core resident population has not experienced any significant increase since 2001.

The Board and Management executed an Umbrella Agreement and Loan Agreement with Lincoln Place Pty Ltd for the Country Club site. It is anticipated that the Development Application will be with Council by early September and development commencing in the middle of 2020.

**Eden Fishermen's Recreation Club Limited**

A.B.N 43 000 071 125

**Directors' Report**

**30 April 2019**

**Meetings of directors**

During the financial year, 11 meetings of directors (including special meetings of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Elizabeth Buckland	11	11
Colin Clarke	11	11
Alexander Chomatek	11	9
Erica Hansen	11	9
John Pickett	11	9
Daryl Spalding	11	8
Paul Webster	11	7

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 April 2019 has been received and can be found on page 6 of the financial report.

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



Director: .....

Colin Clarke



Director: .....

Elizabeth Buckland

EDEN

Dated 25 July 2019



## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Eden Fishermen's Recreation Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 April 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in 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.

A handwritten signature in black ink, appearing to read 'S.N. BYRNE', is written across the page.

S.N. BYRNE  
Partner  
Registered Company Auditor (#153624)  
EDEN  
25 July 2019



CHARTERED ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND

Liability limited by a scheme  
approved under Professional  
Standards Legislation

#### DIRECTORS

**Simon Byrne**  
**Fiona Dunham**  
**Peter Mann**  
**Gary Pearce**  
**Kevin Philistin**  
**Gary Skelton**

BEGA  
MERIMBULA  
EDEN  
BOMBALA  
BERMAGUI  
COOMA  
JINDABYNE

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Kothes Chartered Accountants  
ABN 36 472 755 795

**Eden Fishermen's Recreation Club Limited**

A.B.N 43 000 071 125

**Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 30 April 2019**

	Note	2019 \$	2018 \$
Income	5	5,672,837	5,807,155
Other income - Gain on disposal of fixed assets		7,083	47,493
Cost of sales		(892,019)	(1,209,025)
Employee benefits expense		(2,403,292)	(2,833,531)
Depreciation and amortisation expense		(441,989)	(510,015)
Finance costs		(38,142)	(10,916)
Advertising		(117,283)	(131,216)
Poker machine expenses		(513,608)	(385,623)
Repairs and maintenance		(568,931)	(643,311)
Administrative expenses		(166,770)	(130,772)
Entertainment, raffles, bingo and other members benefits expenses		(331,238)	(382,009)
Site overhead other expenses		(95,218)	(52,769)
Business development costs		(36,693)	(18,390)
Insurance		(66,822)	(52,501)
Cleaning		(139,896)	(152,636)
Power, Light & Heating		(217,632)	(210,050)
Mortuary fund payments		(7,800)	(12,350)
<b>Deficit before income tax</b>		<b>(357,413)</b>	<b>(880,466)</b>
Income tax expense	3(a)	-	-
<b>Deficit from continuing operations</b>		<b>(357,413)</b>	<b>(880,466)</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Gain on revaluation of land		-	5,459,381
<b>Total comprehensive income for the year</b>		<b>(357,413)</b>	<b>4,578,915</b>

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

**Eden Fishermen's Recreation Club Limited**

A.B.N 43 000 071 125

**Statement of Financial Position****As At 30 April 2019**

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	173,621	201,373
Trade and other receivables	7	124,559	84,282
Inventories	8	81,262	125,684
TOTAL CURRENT ASSETS		<u>379,442</u>	<u>411,339</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	8,414,224	8,140,539
TOTAL NON-CURRENT ASSETS		<u>8,414,224</u>	<u>8,140,539</u>
TOTAL ASSETS		<u>8,793,666</u>	<u>8,551,878</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	10	607,659	539,816
Borrowings	11	646,702	324,223
Short-term provisions	12	97,325	84,727
Employee benefits	13	473,989	450,346
TOTAL CURRENT LIABILITIES		<u>1,825,675</u>	<u>1,399,112</u>
NON-CURRENT LIABILITIES			
Trade and other payables	10	111,241	102,478
Borrowings	11	347,834	183,959
Long-term provisions	12	168,600	168,600
TOTAL NON-CURRENT LIABILITIES		<u>627,675</u>	<u>455,037</u>
TOTAL LIABILITIES		<u>2,453,350</u>	<u>1,854,149</u>
NET ASSETS		<u>6,340,316</u>	<u>6,697,729</u>
<b>EQUITY</b>			
Reserves		5,459,381	5,459,381
Retained earnings		880,935	1,238,348
TOTAL EQUITY		<u>6,340,316</u>	<u>6,697,729</u>

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

## Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

### Statement of Changes in Equity

For the Year Ended 30 April 2019

2019

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
<b>Balance as at 1 May 2018</b>	<b>1,238,348</b>	<b>5,459,381</b>	<b>6,697,729</b>
Deficit for the year	(357,413)	-	(357,413)
<b>Balance at 30 April 2019</b>	<b>880,935</b>	<b>5,459,381</b>	<b>6,340,316</b>

2018

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
<b>Balance as at 1 May 2017</b>	2,118,814	-	2,118,814
Deficit for the year	(880,466)	-	(880,466)
Revaluation increment (decrement)	-	5,459,381	5,459,381
<b>Balance at 30 April 2018</b>	<b>1,238,348</b>	<b>5,459,381</b>	<b>6,697,729</b>

#### a. Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets.

# Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

## Statement of Cash Flows For the Year Ended 30 April 2019

	2019	2018
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	6,121,724	6,429,910
Payments to suppliers and employees	(5,892,300)	(6,488,420)
Interest received	3,204	1,514
Interest paid	(38,142)	(10,916)
Net cash provided by/(used in) operating activities	<u>194,486</u>	<u>(67,912)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	7,083	47,493
Purchases of plant and equipment	(715,674)	(847,348)
Net cash used by investing activities	<u>(708,591)</u>	<u>(799,855)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	447,127	556,027
Repayments of borrowings	(125,911)	(47,845)
Net cash used by financing activities	<u>321,216</u>	<u>508,182</u>
Net increase/(decrease) in cash and cash equivalents held	(192,889)	(359,585)
Cash and cash equivalents at beginning of year	<u>201,373</u>	<u>560,958</u>
Cash and cash equivalents at end of financial year	6 <u>8,484</u>	<u>201,373</u>

The accompanying notes form part of these financial statements.

## Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

# Notes to the Financial Statements

## For the Year Ended 30 April 2019

The company was incorporated on 14 May 1948 (ACN 000 071 125) under the *Companies Act No 33, 1936 (NSW)*. It is registered with the Australian Business Register - Australian Business Number 43 000 071 125 and is registered for Goods & Services Tax purposes. The registered office and principal place of business of the company is 217 Imlay Street, EDEN, NSW, 2546. The financial report was authorised for issue by the Directors on 25 July 2019.

Comparatives are consistent with prior years, unless otherwise stated.

The financial report covers Eden Fishermen's Recreation Club Limited as an individual entity. Eden Fishermen's Recreation Club Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Eden Fishermen's Recreation Club Limited is Australian dollars.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

### 2 Change in Accounting Policy

#### Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 May 2018.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 May 2018.

#### Classification of financial assets

The financial assets of the Company have been reclassified into the 'Measured at amortised cost' category on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics.

#### Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has had no effect for the recognition of credit loss (bad debt provisions).

## **Notes to the Financial Statements**

### **For the Year Ended 30 April 2019**

#### **3 Summary of Significant Accounting Policies**

##### **(a) Income Tax**

The Company is a Not for Profit Entity with a main objective of providing quality sporting facilities in Eden NSW. The Board has reviewed its income tax status and have assessed the Company to be exempt from income tax under section 50-45 of the *Income Tax Assessment Act, 1997* (Cth). Consequently, no provision for taxation has been made in the financial statements.

##### **(b) Revenue and other income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

##### **Sale of goods**

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

##### **Interest revenue**

Interest is recognised using the effective interest method.

##### **Subscriptions**

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

##### **Other income**

Other income is recognised on an accruals basis when the Company is entitled to it.

##### **(c) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payable are stated inclusive of GST. Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

##### **(d) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

##### **(e) Inventories**

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

## **Notes to the Financial Statements**

### **For the Year Ended 30 April 2019**

#### **3 Summary of Significant Accounting Policies**

##### **(f) Property, Plant and Equipment**

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

##### **Land and buildings**

Land is measured using the revaluation model. Buildings are measured using the cost model.

##### **Plant and equipment**

Plant and equipment are measured using the cost model.

##### **Depreciation**

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The estimated useful lives used for each class of depreciable asset are shown on the next page:

<b>Fixed asset class</b>	<b>Useful life</b>
Buildings	20-40 years
Plant and Equipment	3 to 20 Years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

##### **(g) Acquisition of Assets**

The purchase method of accounting is used to account for all acquisitions of assets regardless of what assets are acquired. Cost is measured as the fair value of assets given up as the date of acquisition plus costs directly attributable to the acquisition. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is Company's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. As per the Company accounting policy, only property, plant & equipment assets with an acquisition cost above \$500.00 (excluding GST) are capitalised. All other fixed asset acquisitions with a cost below this are expensed in the period in which they relate to.

## **Notes to the Financial Statements**

### **For the Year Ended 30 April 2019**

#### **3 Summary of Significant Accounting Policies**

##### **(h) Leases**

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

##### **(i) Financial instruments**

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### **Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Classification*

On initial recognition, the Company has only ever held financial assets categorised as at 'amortised cost'.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

##### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

## **Notes to the Financial Statements**

### **For the Year Ended 30 April 2019**

#### **3 Summary of Significant Accounting Policies**

##### **Financial assets**

###### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) for financial assets measured at amortised cost.

When determining whether the credit risk of financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held).

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

###### *Trade receivables*

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

###### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

##### **Financial liabilities**

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

## **Notes to the Financial Statements**

### **For the Year Ended 30 April 2019**

#### **3 Summary of Significant Accounting Policies**

##### **(j) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

##### **(k) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefit 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) Adoption of new and revised accounting standards**

The Company has adopted all standards which became effective for the first time at 30 April 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company or refer to Note 2 for details of the changes due to standards adopted.

##### **(m) Members Mortuary Insurance and Accident Insurance Schemes**

The Company self-insures those members who have retained their eligibility for benefits by paying an additional membership subscription. An amount of \$650 is payable to the estate of eligible members who die from natural causes. The provision of \$168,600 in the accounts is based on actuarial advice and is the Directors estimate and takes into account the present, discounted, value of future expected payments.

##### **(n) Going concern**

The Eden Fishermen's Recreation Club has recorded an operating deficit for the seventh consecutive year. If Eden Fishermen's Recreating Club is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

##### **(o) Net Current Deficit**

At 30 April 2019, the Company was in a net current liability position of \$1,446,233 (2018: net current deficit position of \$987,773). Notwithstanding this, the financial report has been prepared on a going concern basis based on the following;

- The company has access to \$313,327 in undrawn financing facilities as at 30 April 2019 (2018: \$816,115).
- As at 30 April 2019 the total provision for long service leave \$255,254 (2018: \$228,235) is recognised in current liabilities. It is expected that the majority of this liability will not be paid within 12 months of the balance date.
- The Club Board formally executed an Umbrella Agreement and Loan Agreement with Lincoln Place Developments on July 12th 2019 and has formally activated the commercial development agreements to commence development of the Eden Gardens Country Club.

## Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

# Notes to the Financial Statements

For the Year Ended 30 April 2019

## 4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

### Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

## 5 Revenue and Other Income

### Revenue from continuing operations

	2019	2018
	\$	\$
Operating Activities		
- Poker machine net trading	2,512,630	2,372,125
- Bar Sales	1,760,701	1,595,224
- Catering Sales	328,991	996,249
- Greens income	307,678	204,264
- Keno Commission	146,626	117,697
- TAB Commission	13,237	12,064
- Membership subscriptions & levies	145,661	146,426
- Entertainment receipts	268,300	172,145
- Other operating income	185,809	189,447
	<u>5,669,633</u>	<u>5,805,641</u>
Non-Operating Income		
- Interest revenue	3,204	1,514
<b>Total Revenue</b>	<u><u>5,672,837</u></u>	<u><u>5,807,155</u></u>

## 6 Cash and cash equivalents

Cash at bank and on hand	<u>173,621</u>	<u>201,373</u>
--------------------------	----------------	----------------

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents		173,621	201,373
Bank overdraft	11	<u>(165,137)</u>	<u>-</u>
<b>Balance as per statement of cash flows</b>		<u><u>8,484</u></u>	<u><u>201,373</u></u>

## Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

### Notes to the Financial Statements

For the Year Ended 30 April 2019

#### 7 Trade and other receivables

	2019 \$	2018 \$
CURRENT		
Trade receivables	28,939	18,061
Sundry debtors	50,636	37,564
Prepayments	44,984	28,657
<b>Total current trade and other receivables</b>	<b>124,559</b>	<b>84,282</b>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

#### 8 Inventories

CURRENT		
At cost:		
Bar stock	60,932	91,918
Catering stock	20,330	33,766
	<b>81,262</b>	<b>125,684</b>

## Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

### Notes to the Financial Statements

For the Year Ended 30 April 2019

#### 9 Property, plant and equipment

	2019	2018
	\$	\$
LAND AND BUILDINGS - CORE ASSETS		
Core Property - Freehold land		
Recreation Club	1,950,000	1,950,000
Country Club	4,226,579	4,226,579
Total freehold land	<u>6,176,579</u>	<u>6,176,579</u>
Core Property- Course Construction		
At cost	70,619	71,241
Core Property - Buildings		
Recreation Club at cost	2,535,234	2,477,836
Accumulated depreciation	<u>(2,400,198)</u>	<u>(2,310,190)</u>
	135,036	167,646
Country Club at cost	812,657	742,807
Accumulated depreciation	<u>(474,633)</u>	<u>(448,402)</u>
	<u>338,024</u>	<u>294,405</u>
Total buildings	<u>473,060</u>	<u>462,051</u>
Total land and buildings	<u>6,720,258</u>	<u>6,709,871</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	5,230,823	5,029,790
Accumulated depreciation	<u>(3,536,857)</u>	<u>(3,599,122)</u>
Total plant and equipment	<u>1,693,966</u>	<u>1,430,668</u>
<b>Total property, plant and equipment</b>	<u><u>8,414,224</u></u>	<u><u>8,140,539</u></u>

## Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

### Notes to the Financial Statements

For the Year Ended 30 April 2019

#### 9 Property, plant and equipment

##### (a) 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:

	Freehold Land Rec Club \$	Freehold Land Golf Club \$	Buildings Rec Club \$	Buildings Golf Club \$	Course Construction \$
Opening balance	1,950,000	4,226,579	167,646	294,405	71,241
Additions	-	-	57,398	69,849	(622)
Depreciation	-	-	(90,008)	(26,230)	-
<b>Balance at the end of the year</b>	<b>1,950,000</b>	<b>4,226,579</b>	<b>135,036</b>	<b>338,024</b>	<b>70,619</b>
				Plant and Equipment \$	Total \$
Opening balance				1,430,668	8,140,539
Additions				589,049	715,674
Depreciation				(325,751)	(441,989)
<b>Balance at the end of the year</b>				<b>1,693,966</b>	<b>8,414,224</b>

Freehold land and Buildings at the Recreation Club and the Freehold Buildings at the Country Club were valued on the 30th April 2016 by independent valuers at fair value. Freehold Land at the Country Club was valued on 29th November 2017 by independent valuers at fair value. The fair value is as follows:

Freehold Land at Recreation Club	1,970,000
Buildings at Recreation Club	3,550,000
Freehold Land at Country Club	4,200,000
Buildings at the Country Club	1,525,000

The fair value of Buildings exceed the book value that is carried in the financial statements.

Identifiers	Description	Title
Lots 1,2 & 3 DP 112641	1st hole, 2nd hole, 8th hole, 9th hole, practice fairway, bowling greens and clubhouse.	Freehold title and ownership held by Eden Fishermen's Recreation Club Ltd.
Lot 4 DP 112641	10th hole, 11th hole and 12th hole	Leased from the Bega Valley Shire Council on a 45 year lease, which commenced on the 1 August 1983.
Lot 214, 218 & 219 DP 729204, and Lot 94 DP 750205	Remainder of Club lands	Leased from the State of New South Wales on a 25 year lease, which commenced on the 3 August 2001.

## Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

### Notes to the Financial Statements

For the Year Ended 30 April 2019

#### 10 Trade and Other Payables

	2019	2018
	\$	\$
Current		
Trade payables	406,226	284,391
GST payable	23,515	38,952
Accrued expense	112,921	134,368
Income in advance	-	21,781
Sundry creditors	412	22,633
Member subscriptions in advance	33,362	31,853
Poker machine tax rebate in advance	(94)	5,838
Poker machine liability	31,317	-
	<u>607,659</u>	<u>539,816</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

#### Non-Current

Poker machine liability	17,713	-
Income in advance	93,528	102,478
	<u>111,241</u>	<u>102,478</u>

#### **Poker machine liability**

This liability is for purchases of poker machines payable over a 3-year period. The liability is non-interest bearing. The assets associated with this liability are included in Fixed Assets in Note 9 to the financial statements. The book value amount of these assets is above the liability booked above. The security for this liability is the poker machines purchased through this agreement.

# Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

## Notes to the Financial Statements

For the Year Ended 30 April 2019

### 11 Borrowings

	2019 \$	2018 \$
CURRENT		
Secured liabilities:		
Bank overdraft	165,137	-
Bank - Line of Credit	248,947	215,105
Bank loan	52,761	-
Equipment loans	162,429	94,456
Toyota lease liability	17,428	14,662
<b>Total current borrowings</b>	<b>646,702</b>	<b>324,223</b>
NON-CURRENT		
Secured liabilities:		
Bank loan	149,153	-
Toyota lease liability	25,434	39,635
Equipment loan	173,247	144,324
<b>Total non-current borrowings</b>	<b>347,834</b>	<b>183,959</b>
<b>Total borrowings</b>	<b>994,536</b>	<b>508,182</b>

### 12 Provisions

CURRENT		
Provision for bonus points liability	36,264	19,793
Provision for poker machine jackpots	61,061	64,934
	<b>97,325</b>	<b>84,727</b>
NON-CURRENT		
Provision for mortuary insurance claims	168,600	168,600

#### Provision for Poker Machine Jackpots

A provision is recognised for poker machine jackpots not paid as at year end.

#### Provision for Bonus Points

A provision is recognised for member bonus points not paid as at year end. It has been calculated by the Club's membership system.

### 13 Employee Benefits

Current liabilities		
Long service leave	255,254	228,235
Provision for employee benefits	218,735	222,111
	<b>473,989</b>	<b>450,346</b>

## Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

### Notes to the Financial Statements

For the Year Ended 30 April 2019

#### 14 Leasing Commitments

##### (a) Operating leases

	2019 \$	2018 \$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	2,410	2,892
- between one year and five years	-	2,410
	<u>2,410</u>	<u>5,302</u>

An operating lease is in place for a photocopier and has a term of 5 years.

#### 15 Financing Facilities

Unrestricted access was available at balance date to a bank overdraft, a business credit card and a business line of credit.

Bank overdraft	100,000	100,000
Line of Credit	250,000	250,000
Credit cards	15,000	20,000
Asset finance limit	900,000	900,000
Used amount	<u>(951,673)</u>	<u>(453,885)</u>
<b>Undrawn facility</b>	<u><b>313,327</b></u>	<u><b>816,115</b></u>

#### 16 Members' Guarantee

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 outstandings and obligations of the Company. At 30 April 2019 the number of members was 2,897 (2018: 3,141).

#### 17 Contingencies

##### Contingent Liabilities

As at 30 April 2019 the Company had 380 eligible members of the mortuary scheme. This represents a contingent liability of \$247,000 for the members of this scheme. \$168,600 is included in the financial statements (Note 12) to provide for the Directors estimate of the present, discounted, value of future expected payments.

#### 18 Key Management Personnel Disclosures

The Company is run by the Board of Directors. All major business decisions are made by the Board. The day to day business of the Company is run by the employees of the Company. As all major business decisions are made by the Board, no key management personnel disclosures are deemed appropriate.

## **Notes to the Financial Statements**

### **For the Year Ended 30 April 2019**

#### **19 Related Parties**

**(a) The Company's main related parties are as follows:**

Key management personnel - refer to Note 18.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

**(b) Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The directors did not receive any remuneration from the company during the year other than reimbursement of out-of-pocket expenses that have been fully substantiated.

#### **20 Events Occurring After the Reporting Date**

The financial report was authorised for issue on 25 July 2019 by the Board of Directors.

The Club has entered into a Head of Term Agreement with Optus communications and is expected to receive and finalise a 15-year lease with Optus communications to erect a second telecommunications tower at its Imlay Street site.

The Club Board formally executed an Umbrella Agreement and Loan Agreement with Lincoln Place Developments on July 12th and has formally activated the commercial development agreements to commence development of the Eden Gardens Country Club.

The Club anticipates it will formally enter a Maintenance contract arrangement with Programmed Turnpoint within the current financial year to undertake all aspects of golf maintenance works and the proposed capital works to relocate sections of the Eden Country Club golf course.

The proposed commercial agreement with Programmed Turnpoint is conditional upon the club providing a bank guarantee equal to 10% of the proposed capital outlays of the life of the project works. The Club anticipates that it will be in position to meet this requirement in the first half on 2020. Upon delivery of project advances under the Lincoln Place agreements.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

#### **21 Intangible Assets - Gaming Machine Entitlements**

The Club operates 91 poker machines and holds a corresponding 91 Gaming Machine Entitlements, 61 at the Recreation Club and 30 at the Country Club. At this time, it is not the intention of the Company to trade in or sell these entitlements and therefore no future benefit will arise. No assessment has accordingly been made in their intrinsic worth or fair value.

**Eden Fishermen's Recreation Club Limited**

A.B.N 43 000 071 125

**Directors' Declaration**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 24, 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 as at 30 April 2019 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director: .....

Colin Clarke



Director: .....

Elizabeth Buckland

EDEN

Dated 25 July 2019



## Independent Audit Report to the members of Eden Fishermen's Recreation Club Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Eden Fishermen's Recreation Club Limited (the Company), which comprises the statement of financial position as at 30 April 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 April 2019 and of its financial performance for the year 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 3(n) in the financial report, which describes the uncertainty related to Material Uncertainty Regarding Continuation as a Going Concern, which indicates that the company would have to significantly restructure its current operations to meet all of its commitments and to continue as a going concern should there continue to be operating deficits. Our opinion is not modified in respect of this matter.

#### Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the annual report (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 on the other information obtained prior to the date of this auditor's report, 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.



CHARTERED ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND

Liability limited by a scheme  
approved under Professional  
Standards Legislation

#### DIRECTORS

Simon Byrne  
Fiona Dunham  
Peter Mann  
Gary Pearce  
Kevin Philistin  
Gary Skelton

BEGA  
MERIMBULA  
EDEN  
BOMBALA  
BERMAGUI  
COOMA  
JINDABYNE

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Kothes Chartered Accountants  
ABN 36 472 755 795

## Independent Audit Report to the members of Eden Fishermen's Recreation Club Limited (Continued)

### Responsibilities of 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 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 the financial report.

As part of an audit in accordance with 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.

We communicate with those charged with governance 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.



S.N. BYRNE  
Partner  
Registered Company Auditor (#153624)  
EDEN  
25 July 2019



## Supplementary Information For the Year Ended 30 April 2019

The additional financial data presented on the following pages is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 30 April 2019. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Eden Fishermen's Recreation Club Limited) in respect of such data, including any errors or omissions therein however caused.

A handwritten signature in black ink, appearing to read 'S.N. BYRNE', is written across the page.

S.N. BYRNE  
Partner  
Registered Company Auditor (#153624)  
EDEN  
25 July 2019



CHARTERED ACCOUNTANTS  
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#### DIRECTORS

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**Eden Fishermen's Recreation Club Limited**

A.B.N 43 000 071 125

**For the Year Ended 30 April 2019**

**Results by Location**

<b>Income</b>	<b>Rec. Club</b>	<b>C-Club</b>	<b>TOTAL</b>
Bar	1,134,916	625,785	1,760,701
Poker Machines	2,097,462	415,168	2,512,630
Catering Income	331,836	34,582	366,418
Keno	90,905	55,721	146,626
TAB	13,237	--	13,237
Greens Income & Sports Levies	--	417,857	417,857
Other Revenue	372,919	87,579	460,498
<b>Total Sales</b>	<b>4,041,275</b>	<b>1,636,692</b>	<b>5,677,967</b>
<b>Less Direct Expenses</b>			
Cost of Goods Sold	636,153	255,866	892,019
Direct Wages	1,526,292	833,190	2,359,482
Site Overhead	1,381,516	676,484	2,058,000
<b>Total Direct Expenses</b>	<b>3,543,961</b>	<b>1,765,540</b>	<b>5,309,501</b>
<b>Gross Profit / (Loss) from Trading</b>	<b>497,314</b>	<b>(128,848)</b>	<b>368,466</b>
Less Depreciation	313,130	126,399	439,529
Less Depreciation – Other	1,230	1,230	2,460
<b>Site Contributions</b>	<b>182,954</b>	<b>(256,477)</b>	<b>(73,523)</b>
Add / (Less)			
Administration Expenses			(248,952)
Interest Received			3,204
Interest Paid			(38,142)
<b>Operating Loss</b>			<b>(357,413)</b>

# Eden Fishermen's Recreation Club Limited

A.B.N 43 000 071 125

For the Year Ended 30 April 2019

	2019 \$	2018 \$
BAR GROSS PROFIT		
Bar Sales	1,760,701	1,595,224
LESS Cost of Goods Sold	(717,010)	(717,794)
	----- 1,043,691 =====	----- 877,430 =====
CATERING GROSS PROFIT		
Catering Sales	328,991	996,628
LESS Cost of Goods Sold	(170,672)	(464,494)
	----- 158,319 =====	----- 532,134 =====
GOLF GROSS PROFIT		
Golf Sales	307,678	306,714
LESS Cost of Goods Sold	(4,337)	(26,737)
	----- 303,341 =====	----- 279,977 =====
OTHER OPERATING INCOME		
Poker Machines Net	2,512,630	2,372,125
Keno Commission	146,626	118,667
TAB Commission	13,237	12,064
Rent Received	37,426	33,658
Entertainment Receipts	268,300	251,818
Commissions	963	251
Other Sundry Income	148,671	53,088
Members Subscriptions	145,661	146,426
Surplus from Sale of Fixed Assets	7,083	40,634
	----- 3,280,597 -----	----- 3,028,731 -----
TOTAL SALES	5,677,967 =====	5,927,297 =====
TOTAL COST OF GOODS SOLD	892,019 =====	1,209,025 =====
SITE LABOUR		
Wages and Salaries	2,035,898	2,404,390
Payroll & Employment Taxes	77,596	102,050
Workers Compensation Costs	44,573	37,839
Staff Expenses	29,657	40,898
Superannuation	171,758	209,564
	----- 2,359,482 =====	----- 2,794,741 =====

\*\* Prior year comparative balances have been changed to agree to current management accounting report allocations.

**Eden Fishermen's Recreation Club Limited**

A.B.N 43 000 071 125

**For the Year Ended 30 April 2019****Profit and Loss Account (continued)**

	2019	2018
	\$	\$
SITE OVERHEADS		
Direct Expenses		
Poker Machine Tax	308,921	281,779
Poker Machine Monitoring Cost	43,309	50,363
Poker Machine Promotions	161,377	53,481
Other Promotion & Advertising Costs	172,599	254,617
Club Entertainment	34,516	40,669
Raffle & Bingo Costs	241,827	281,987
Cash Discrepancies	1,263	3,813
Commissions Paid	75,751	33,073
Power Light & Heat	217,632	210,050
Insurance	63,796	48,521
Cleaning & Laundry	139,896	152,780
License Fees	1,779	606
Staff Training, Development & Other	195	135
Telephone	13,099	11,161
Security	3,326	4,116
Foxtel	24,022	17,665
	-----	-----
	1,503,308	1,444,816
	-----	-----
Asset Operating Expenses		
Repairs, Maintenance & Greens	274,532	295,284
Operating Supplies & Machine Rents	91,835	115,479
Motor Vehicle & Greens Equip. Expenses	63,404	52,419
Rates & Rents	91,941	75,278
	-----	-----
	521,712	538,460
	-----	-----
Members Benefits		
Free Food & Drink	24,855	44,441
Affiliation Fees	8,125	5,375
	-----	-----
	32,980	49,816
	-----	-----
TOTAL SITE OVERHEADS	2,058,000	2,033,092
	=====	=====
Gross Profit / (Loss) from trading	368,466	(109,561)
	=====	=====

**Eden Fishermen's Recreation Club Limited**

A.B.N 43 000 071 125

**For the Year Ended 30 April 2019****Profit and Loss Account (continued)**

	2019	2018
	\$	\$
DEPRECIATION & AMORTISATION		
Recreation Club - Buildings	90,008	143,480
- Plant & Equipment	223,122	224,523
	-----	-----
	313,130	368,003
	-----	-----
Country Club - Buildings	26,230	24,475
- Plant & Equipment	100,169	116,049
	-----	-----
	126,399	140,524
	-----	-----
Other Plant & Equipment	2,460	1,488
	-----	-----
Total Depreciation & Amortisation	441,989	510,015
	-----	-----
Profit / (Loss) from trading after Depreciation & Amortisation	(73,523)	(619,576)
	=====	=====
ADMINISTRATION EXPENSES		
Wages	--	1,593
Workers Compensation	937	--
Staff Expenses	15,811	16,425
Long Service Leave Provision	26,865	20,637
	-----	-----
	43,613	38,655
	=====	=====

**Eden Fishermen's Recreation Club Limited**

A.B.N 43 000 071 125

**For the Year Ended 30 April 2019****Profit and Loss Account (continued)**

	2019	2018
	\$	\$
ADMINISTRATION EXPENSES continued:		
Other		
Auditors Remuneration – Auditing	28,392	30,795
Auditors Remuneration - Other Services	490	40
Bank Fees	17,593	17,490
Computer Charges	10,798	13,895
Directors Expenses	17,405	18,726
Donations & Sponsorships	30,505	24,814
Insurance	3,027	3,981
Legal Fees	12,404	21,199
Other Expenses	72	194
Operating Supplies & Machine Rentals	6,524	5,638
Other Professional & Accounting Fees	628	12,691
Printing, Post & Stationery	20,060	11,802
Repairs & Maintenance	--	60
Staff Training	537	3,600
Business Development Expense	36,693	18,390
Subscriptions	9,930	7,224
Telephone & Communication Costs	2,481	9,944
	-----	-----
	197,539	200,483
	-----	-----
MEMBER AMENITIES		
Mortuary Payments	7,800	12,350
	-----	-----
TOTAL ADMINISTRATION EXPENSES	248,952	251,488
	=====	=====
FINANCIAL EXPENSES		
Interest Paid Bank and Other	38,142	10,916
	=====	=====
OTHER INCOME		
Interest on Investments	3,204	1,514
	=====	=====
Operating (loss) before income tax	(357,413)	(880,466)
	=====	=====