

MAYFIELD EX-SERVICES CLUB LIMITED



FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

ABN 82 000 995 602

(A COMPANY LIMITED BY A GUARANTEE NOT HAVING SHARE CAPITAL)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given of the Annual General Meeting of MAYFIELD EX SERVICES CLUB LIMITED to be held on Sunday, 19th November 2017 commencing at the hour of 9:00am at the premises of the Club, 58 Hanbury Street, Mayfield, New South Wales.

BUSINESS

The business of the meeting will be as follows:

1. To confirm the minutes of the previous Annual General Meeting and the minutes of any other general meeting that require confirmation.
 2. To receive and consider the directors' report, financial report, auditor's report and any other report of the Board. These reports are available on the Club's website www.mexclub.com.au.
 3. To conduct the election of directors as required by the Club's Constitution.
 4. To appoint a Returning Officer.
 5. To consider the Ordinary Resolutions set out below (which relate to director expenses, honorariums and a Life Membership nomination).
 6. To deal with any other business that may be dealt with at the Annual General Meeting.
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CLUB PROPERTY REPORT

Pursuant to Section 41J(2) of the Registered Clubs Act, for the financial year ended 30 June 2017, the Club's property at:

- (a) 58 Hanbury Street Mayfield NSW is core property of the Club
 - (b) 72 Hanbury Street Mayfield NSW is non-core property of the Club
 - (c) 74 Hanbury Street Mayfield NSW is non-core property of the Club
 - (d) 26 Baker Street Mayfield NSW is non-core property of the Club
 - (e) 28 Baker Street Mayfield NSW is non-core property of the Club
-

FIRST ORDINARY RESOLUTION

That:

- (a) The members hereby approve expenditure by the Club not exceeding \$60,000.00 until the next Annual General Meeting of the Club for the following:
 - (i) The reasonable costs of directors attending seminars, lectures and other educational activities as determined by the Board from time to time.
 - (ii) The reasonable costs (including travel and accommodation expenses) of directors attending meetings, conferences and trade shows conducted by ClubsNSW, the Club Managers Association and such other conferences and trade shows as determined by the Board from time to time.
 - (iii) The reasonable cost of directors attending any other registered club or gaming venue for the purpose of viewing and assessing its facilities as determined by the Board as being necessary for the benefit of the Club.
 - (iv) The reasonable cost of directors (and their spouses/partners if required) attending any club, community or charity function as the representatives of the Club and authorised by the Board to do so.
 - (v) The reasonable out of pocket expenses incurred by directors in relation to carrying out their duties directly relating to club affairs approved by the Board on production of documentary evidence of such expenditure.
 - (vi) The reasonable cost of a Christmas gift for Directors (and their spouses/partners) in recognition of their support, a gift card of reasonable value for the spouse/partner of each Director.

PRESIDENT'S REPORT 2017

- (b) The members acknowledge that the benefits in paragraph (a) are not available for members generally but are only for those who are directors of the Club.

Notes to Members on First Ordinary Resolution

1. The First Ordinary Resolution is to have the members in general meeting approve expenditure by the Club for directors to attend seminars, lectures, trade displays and other similar events to be kept abreast of current trends and developments which may have a significant bearing on the Club and for other out of pocket expenses.

Procedural Matters

1. To be passed, the First Ordinary Resolution must receive votes from not less than a majority of those members who being eligible to do so vote in person on the First Ordinary Resolution at the meeting.
2. The Registered Clubs Act provides that:
 - (a) members who are employees of the Club are not entitled to vote; and
 - (b) proxy voting is prohibited.

SECOND ORDINARY RESOLUTION

That the members hereby approve:

- (a) the payment of the following honorariums:

(i) President	-	\$3,000.00 per annum
(ii) Senior Vice President	-	\$2,000.00 per annum
(iii) Junior Vice President	-	\$1,500.00 per annum
(iv) Ordinary Board Members	-	\$1,000.00 per annum
- (b) the honorariums to be paid on a pro rata basis by such instalments as may be agreed from time to time.

Notes to Members on Second Ordinary Resolution

1. The Second Ordinary Resolution is to have members approve honorariums for the President, Senior Vice President, Junior Vice President and Ordinary Board members.
2. The Honorariums will be paid on a pro rata basis which means that if a director only holds office for part of the year, the director will only receive part of the honorarium.

Procedural Matters

1. To be passed, the Second Ordinary Resolution must receive votes from not less than a majority of those members who being eligible to do so vote in person on the Second Ordinary Resolution at the meeting.
2. The Registered Clubs Act provides that:
 - (a) members who are employees of the Club are not entitled to vote; and
 - (b) proxy voting is prohibited.

Dated: October 2017 By direction of the Board

Greg Luck
General Manager

Welcome to the Annual Report of the Mayfield Ex Services Club Ltd, freshly re-branded as Mex Club and a sensational newly refurbished and renovated club premise.

The renovated premises are second to none in the Hunter area in terms of design and finish and all members should be proud of the completed product. Many members have already spoken to me and have advised their pleasure of the finished product.

The club now enters a consolidation business cycle where we must promote our product and the many benefits of being a member, and members can assist by being proud of our club and promoting it at every opportunity.

The strategic plan cycle is to now consolidate and re build cash reserves so to reduce debt and look to complete stage 2 of renovations including outdoor dining, entertainment and family areas.

On the results for the year ended June 2017, the loss of \$358k is reflected in the massive downturn in income during renovations. Poker machine income dropped by \$606k, caused by building disruption and the need to have 70 machines off the floor for an unexpected and extended period of time.

It should be noted however that the books include a non cash item of depreciation totalling \$800K, and in effect the club has generated net operating cash flows of \$710k.

The Management team, Board of Directors and staff are now looking ahead and working as a team to push Mex Club into the future and build a club that we all can be truly proud of.

I wish to congratulate the Management team for all the work they personally did during the renovation phases.

To my fellow Board members my appreciation for your continued input and help during the renovation period.

To the staff in general the thanks of the Board and members for your efforts.

To all members who have lost a loved one during the year please accept our sincere condolences.

And to you the members of this great club thank you sincerely for your patronage and support.

R. F. Bailey

President

GENERAL MANAGER'S REPORT 2017

Another year over and a time to look back at what we have achieved, but more importantly to look forward at what we can achieve over the coming years.

This financial year we have seen major renovations completed over 9 of the 12 months impacting heavily on our income and expenses this reflects the loss that is shown in the financials.

Although we budgeted for a loss with some unforeseen building problems it is slightly above what we budgeted for and we now need to consolidate and build our bank accounts back to a healthy amount.

Since the renovations have been completed there has been some encouraging signs in the following areas

- Membership (500 new members a month)
- Gaming and Bar good growth
- Food outlets increased patronage
- Entertainment is back at the MEX and growing every week

Everyone should have received their magazines by now and seen all of our Xmas offerings and promotions. Your chance to win a Harley when you renew for 2018 is sure to be popular and good value for \$5

This year we have supported various sporting teams and charities with The Mark Hughes Foundation receiving \$10,000.00 and the Waratah Mayfield Islington sub branch also receiving \$10,000.

None of this could have been done without you the members support to everyone thank you and I hope you are enjoying the new facilities

To all my managers and staff also thank you for your support and effort throughout the year.

To Richard Bailey and the board your foresight and input with the renovations have helped make our club something other will strive to achieve.

I know this has been a tough 12 months for all the members but every time I walk into the club I look at the renovations and think how far we have come from when I arrived 10 years ago. To see all the new faces and the increased income happening at the MEX is very satisfying and I hope all the members agree.

I repeat none of this could have been achieved without everyone's support from current and ex board members all the staff that has worked here and most importantly to the best members in Newcastle

Thankyou

Meet you at the MEX

Greg Luck
General Manager

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The financial report was authorised for issue by the Directors on 5 September 2017.
The Company has the power to amend and re-issue the financial report.

DIRECTOR'S REPORT 2017

Your Directors present their report for the financial year ended 30 June 2017.

1. DIRECTORS

The names of the Directors during the year and to the date of this report are:

Name	Position	Special Responsibilities	Experience and Qualifications	Years Service
Richard Bailey	President		Previous worked as NSW Liquor & Hospitality Workers Union President.	22
Rex Jones	Senior Vice President		Worked in Defence Force.	12
Wes Ting	Junior Vice President		Previously worked as a switchboard operator.	15
Lyle Chapman	Director		Worked as a carpenter and joiner.	18
Philip Hicks	Director		Worked as a police officer	11
Mervyn Nichols	Director		Previously worked as a store supervisor	6
Robert Simpson	Director		Worked as both a bar manager and a photojournalist.	5
Damian Horan	Director		Currently working as an aircraft maintenance engineer. Previously worked as a police office. Qualification obtained include Diploma of Policing and Certificate IV in Aeroskills.	4
Leslie Cook	Director		Worked as a field manager of Australia Post.	9

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

2. ACTIVITIES

The principal activities of the Company in the course of the financial year ended 30 June 2017 were:
The running of a licensed Club for the benefit of its members and to meet the Company's objectives under its constitution.

3. OBJECTIVES OF THE CLUB

The Club's short and long term objectives are to;
Provide the best facilities available to members and their guests with a special interest in the welfare of the returned service league.

To achieve these objectives the Club has adopted the following strategies;
Maintain or increase existing revenue levels and control costs to continue profitability which will allow the Club's premises to be continually improved.
These strategies are measured through both financial and non financial key performance indicators that have been developed relevant to the club industry.

DIRECTOR'S REPORT 2017 [continued]

4. RESULTS

The net result of operations after applicable income tax was a loss of \$358,932 (2016 loss of \$348,212).

5. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2017 has been received and is set out on page 9 of the financial report.

DFK Crosbie continues to hold office in accordance with Section 307 of the Corporations Act. The Company may decide to engage the auditor in addition to their statutory audit where the auditor's expertise and experience with the Club is important.

6. LIMITED BY GUARANTEE

The Club is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any obligations of the Club. At 30 June 2017 the collective liability of members was \$20,266 (2016 \$19,534).

7. MEETING ATTENDANCES

The number of Board meetings held during the financial year ended 30 June 2017 was 12, being 12 normal Board meetings. The details of each Directors attendance at those meetings is given below:-

Director	Normal	No. Held while in Office
Richard Bailey	12	12
Rex Jones	11	12
Lyle Chapman	12	12
Wes Ting	12	12
Philip Hicks	12	12
Mervyn Nichols	12	12
Robert Simpson	12	12
Damian Horan	6	12
Lesley Cook	10	12

The Club's Annual General meeting was held on 9 October 2016.

DIRECTOR'S REPORT 2017 [continued]

8. PROPERTY REPORT

The Directors have determined that all property of the Club shall be classified as follows in accordance with Section 41J of the Registered Clubs Act 1976.

Core Property

- 50-58 Hanbury Street, Mayfield NSW 2304

Non Core Property

- 70 Hanbury Street, Mayfield NSW 2304
- 74 Hanbury Street, Mayfield NSW 2304
- 26 Baker Street, Mayfield NSW 2304
- 28 Baker Street, Mayfield NSW 2304

Signed in accordance with a resolution of the Board of Directors



R. F. Bailey - President



R. Jones - Senior Vice President

Date: 5 September 2017



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MAYFIELD EX SERVICES CLUB LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 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.




Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

Date: 5 September 2017
Warabrook, NSW

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INDEPENDENT AUDIT REPORT TO MEMBERS

To the Members of Mayfield Ex Services Club Limited

Opinion

We have audited the financial report of Mayfield Ex Services Club Limited, which comprises the statement of financial position as at 30 June 2017 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cashflows for the year ended, a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Mayfield Ex Services Club Limited is in accordance with the Corporation Act 2001, including:

- (i) giving a true and fair view of Mayfield Ex Services Club Limited's financial position as at 30 June 2017 and of its 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, 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.

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INDEPENDENT AUDIT REPORT TO MEMBERS [continued]

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

Date: 5 September 2017

Warabrook, NSW

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DIRECTOR'S DECLARATION

The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages 13 to 27 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory reporting requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2017 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 and signed for on behalf of the Directors by:



R. F Bailey - Director



R. Jones - Director

Date: 5 September 2017

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and Cash Equivalents	8	181,159	694,159
Trade and Other Receivables	9	30,244	45,225
Inventories	10	36,647	27,709
Other Assets	11	141,832	160,359
TOTAL CURRENT ASSETS		389,882	927,452
NON-CURRENT ASSETS			
Property, Plant and Equipment	12	16,741,911	9,701,177
Investment Properties	13	1,770,000	1,660,000
Intangible Assets	14	125,000	125,000
TOTAL NON-CURRENT ASSETS		18,636,911	11,486,177
TOTAL ASSETS		19,026,793	12,413,629
CURRENT LIABILITIES			
Trade and Other Payables	15	647,434	295,728
Financial Liabilities	16	6,427,884	319,047
Provisions	17	305,885	263,139
Other Liabilities	18	113,328	88,383
TOTAL CURRENT LIABILITIES		7,494,531	966,297
NON-CURRENT LIABILITIES			
Financial Liabilities	16	503,778	127,078
Provisions	17	83,372	65,072
Other Liabilities	18	65,433	16,571
TOTAL NON-CURRENT LIABILITIES		652,583	208,721
TOTAL LIABILITIES		8,147,114	1,175,018
NET ASSETS		10,879,679	11,238,611
MEMBERS' FUNDS			
Accumulated Profits		10,879,679	11,238,611
TOTAL MEMBERS' FUNDS		10,879,679	11,238,611

To be read in conjunction with the attached notes to the Financial Statements

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Bar Sales		1,034,778	1,175,426
Less Members Discount		-	-
Less Cost of Goods Sold		(424,705)	(468,196)
Bar Gross Profit (\$)		610,073	707,230
Café Sales		-	201,238
Less Cost of Goods Sold		(105)	(117,267)
Cafe Gross Profit (\$)		(105)	83,971
Poker Machine Net Revenue		3,884,996	4,490,108
Paper Gaming Commissions		119,536	123,947
Function Revenue		1,437	31,401
Members Subscriptions		45,192	51,110
Interest Received		2,554	10,367
Fair Value Adjustment on Investment Properties		110,000	20,000
Rent Received		368,023	396,168
Raffle Income		231,779	271,355
Bingo Income		114,320	126,060
Insurance Recoveries		87,358	20,900
Sponsorship Income		24,063	-
Other Income		38,527	53,273
TOTAL TRADING AND OTHER INCOME		5,637,753	6,385,890
EXPENSES			
Bar Direct Expenses		371,018	349,749
Cafe Direct Expenses		-	138,628
Poker Machine Direct Expenses		1,312,012	1,419,712
Paper Gaming Direct Expenses		108,949	112,993
Function Direct Expenses		3,626	12,171
Rental Property Expenses		12,621	13,938
Members Amenities Expenses		868,005	891,464
Clubhouse Expenses		721,440	727,055
Administration Expenses		2,507,724	2,555,564
Impairment Write Down		-	475,323
Borrowing Expenses		91,290	37,505
TOTAL EXPENSES		5,996,685	6,734,102
Net Profit/(Loss) Before Income Tax	6	(358,932)	(348,212)
Income Tax Benefit/(Expense) relating to ordinary activities	7	-	-
Net Profit/(Loss) After Income Tax		(358,932)	(348,212)
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss)		(358,932)	(348,212)

To be read in conjunction with the attached notes to the Financial Statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members and Guests		6,601,307	7,729,689
Payments to Suppliers and Employees		(5,801,843)	(6,401,204)
Interest Received		2,554	10,367
Borrowing Costs		(91,290)	(37,505)
<i>Net Cash Flows provided by (used in) Operating Activities</i>		710,728	1,301,347
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Disposal of Plant & Equipment		53,450	-
Payments for Property, Plant and Equipment		(7,762,715)	(916,958)
<i>Net Cash Flows provided by (used in) Investing Activities</i>		(7,709,265)	(916,958)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		6,940,510	368,333
Repayment of Hire Purchases		(292,405)	(356,482)
Repayments of Borrowings		(197,973)	(234,825)
<i>Net Cash Flows provided by (used in) Financing Activities</i>		6,450,132	(222,974)
Net Increase/(Decrease) in Cash Held		(548,405)	161,415
Cash and Cash Equivalents at the Beginning of the Financial Year		694,159	532,744
Cash and Cash Equivalents at the End of the Financial Year		145,754	694,159

To be read in conjunction with the attached notes to the Financial Statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Accumulated Profits \$	Total \$
Opening Balance 1 July 2015	11,586,823	11,586,823
Net profit / (loss) after income tax	(348,212)	(348,212)
Closing Balance 30 June 2016	11,238,611	11,238,611
Net profit / (loss) after income tax	(358,932)	(358,932)
Closing Balance 30 June 2017	10,879,679	10,879,679

To be read in conjunction with the attached notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with all Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Mayfield Ex Services Club Limited is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accruals basis and is based on of historical costs except for investment properties which are measured at fair value. The financial report is presented in Australian Dollars.

Statement of Compliance

The financial report complies with Australian Accounting Standards - Reduced Disclosure Standards as issued by the Australian Accounting Standards Board (AASB) being AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Income Tax

Income tax payable is calculated in accordance with the provisions of the Income Tax Assessment Act dealing with the Registered Clubs and Associations.

Deferred Tax Assets and Liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

Inventories

Inventories are measured at the lower of cost and current replacement value.

Trade Debtors and Other Receivables

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost, less any impairment losses. Trade receivables are due within 30 days from the date of recognition. The recoverability of trade debtors is reviewed regularly, with any uncollectible debts written off.

Accounts Payable

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days.

Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Employee Benefits

Short Term

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Other Long Term

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage levels and period of service. Discount rates of the Australian bond rates matching the estimated future cash outflows have been used.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Building Improvements	10 to 40 years
Plant and Equipment	4 to 10 years
Poker Machines	4 to 8 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generating unit in which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Company would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income in the administration expense line item.

Intangible Assets

Intangible assets acquired separately are capitalised at cost, the useful lives of these intangible assets are assessed to be either infinite or indefinite. Those with finite lives are amortised over that period on a straight line basis. Intangible assets are tested for impairment annually and where an indicator for impairment exists.

Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales revenue comprises the revenue earned from the provision of products or services to entities outside the Company.

Interest income is recognised as it accrues.

The profit or loss on disposal of an asset is brought to account at the date an unconditional contract is signed.

Revenue from membership subscriptions is recognised upon receipt of money for the period in which the membership relates.

Other revenue is recognised as it accrues.

Goods and Services Tax

Revenues, 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 Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The amount of GST recoverable or payable to the ATO is included as a current asset or current liability in the statement of financial position. Cash flows are included in the statement of cashflows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets (finance lease), and operating leases under which the lessor effectively retains all such risks and benefits. Where a non current asset is acquired by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease. The discounted amount is established as a non current asset at the beginning of the lease term and amortised over its expected economic life. A corresponding liability is also established and each payment is allocated between the principal component and the interest expense. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the statement of profit or loss and other comprehensive income in the periods in which they are incurred.

Investment Properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changes in the fair values of the investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

Investment properties are no longer recognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognising of an investment property are recognised in the statement of profit or loss and other comprehensive income in that year.

Hire Purchase

Assets acquired under hire purchase agreements are brought to account at cost together with a corresponding hire purchase liability and unexpired terms charges and are depreciated on a straight line basis over their estimated economic life to the Company. Terms charges are written off over the period of the agreements.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2. DEFICIENCY IN WORKING CAPITAL

As at balance date, current assets totalled \$389,882 compared to current liabilities of \$7,494,531 giving a working capital deficit of \$7,104,649 with the entire balance of the ANZ Loan Facility of \$5,933,550 being stated as a current liability due to the loan agreement containing a review clause which limits the Club from having an unconditional right to defer settlement of the loan, despite the Club having fulfilled all its obligations to the Bank to date. No repayment of these loan balances are expected to be made in the next 12 months as these are on interest only terms. Whilst a net loss of \$358,932 was incurred for the year, net cash received from operating activities during the year totalled \$710,728.

The Directors have determined that the going concern basis is appropriate given:

- The Club generated positive net operating cashflows of \$710,728 during the current year.
- The Club has a cash balance at 30 June 2017 of \$181,159.
- The Club has access to undrawn finance facilities from the Bank at 30 June 2017 of \$1,213,385.
- The Directors do not foresee any issues in continuing to meet the terms and conditions of its loans with the Bank and its trading terms with other financiers and creditors of the Club.
- The Directors expect cashflows going forward to continue to be strong based on recent results and management cashflow budgets, noting that trading has improved since the completion of the renovations which significantly disrupted operations during the current year.

It is on this basis that the Directors have determined that the going concern basis is appropriate.

3. CORPORATE DETAILS

The registered address of the Club is 58 Hanbury Street, Mayfield NSW 2304.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and assumptions

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Useful lives of property, plant and equipment

The useful life of Property, Plant and Equipment is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence.

The useful life of Poker Machine Entitlements classified as an intangible asset has been assessed as indefinite. There is uncertainty in relation to this assumption as it is based on current legislation and conditions attached to the entitlements.

The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the Statement of Profit or Loss and Other Comprehensive Income should they change.

Fair Value of Investment Properties

The fair value of investment properties is estimated at each reporting date, based on independent assessments of the market value of the properties and the best available knowledge of current market prices. Estimation uncertainty exists and is related to the various assumptions used in determining the fair value.

5. OPERATING REVENUE

	2017	2016
	\$	\$
Bar Sales	1,034,778	1,175,426
Cafe Sales	-	201,238
Poker Machine Net Revenue	3,884,996	4,490,108
Function Revenue	1,437	31,401
Interest Received/Receivable	2,554	10,367
Paper Gaming Commission	119,536	123,947
Rent Received	368,023	396,168
Fair Value Adjustment on Investment Properties	110,000	20,000
Members Subscriptions	45,192	51,110
Insurance Recoveries	87,358	20,900
Raffle Income	231,779	271,355
Bingo Income	114,320	126,060
Sponsorship Income	24,063	-
Other	38,527	53,273
Total	6,062,563	6,971,353

6. OPERATING PROFIT

Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:-

Credits

Interest Received/Receivable	2,554	10,367
Fair Value Adjustment on Investment Properties	110,000	20,000

Charges

Depreciation	802,735	1,095,775
Loss on Sale of Assets	189,910	5,865
Impairment Write Down	-	475,323
Interest and Finance Costs	91,290	37,505

Impairment loss in the prior year has related to a review of the Club's Property, Plant and Equipment that would be disposed of upon the completion of the Club's current renovations.

7. INCOME TAX EXPENSE

a) The aggregate amount of income tax attributable to the financial year differs to the amount calculated on the operating profit. The difference is reconciled as follows:-

	2017	2016
	\$	\$
Operating profit/(loss) before income tax	(358,932)	(348,212)
Income Tax thereon @ 27.5% (2016: 30%)	(98,706)	(104,464)
Non Deductible Expenses	(4,951)	15,375
Apportionment Adjustment Members Income and Expenses	112,629	66,177
Timing Differences	(54,870)	27,482
Carried forward losses not recognised / (recouped)	45,898	(4,570)
Income Tax Expense/(Benefit)	-	-

b) The Directors estimate that the potential Deferred Tax Asset at 30 June 2017 in respect of tax losses not brought into account is:-

152,192	116,077
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The benefit for tax losses will only be obtained if:-

- the Company drives future assessable income in the nature and of amount sufficient to enable the benefit from deductions for the losses to be realised;
- the Company continues to comply with the conditions for deductibility imposed by the tax legislation; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

8. CASH AND CASH EQUIVALENTS

Current

Cash and Cash Equivalents	181,159	694,159
	181,159	694,159

9. TRADE AND OTHER RECEIVABLES

Current

GST Receivable	28,820	-
Other Debtors	1,424	45,225
	30,244	45,225

10. INVENTORIES

Current

Stock on Hand - Liquor	36,647	27,709
	36,647	27,709

11. OTHER ASSETS

Current

Prepayments	136,832	155,359
Security Deposit	5,000	5,000
	141,832	160,359

12. PROPERTY, PLANT AND EQUIPMENT

	Building and Improvements	Land	Plant and Equipment	Poker Machines	Total
Year ended 30 June 2017	\$	\$	\$	\$	\$
At 1 July 2016, Net of Accumulated Depreciation/Amortisation	7,238,127	1,050,000	165,329	1,247,721	9,701,177
Additions	6,864,649	-	541,133	681,047	8,086,829
Disposals	(206,870)	-	-	(36,490)	(243,360)
Depreciation/Amortisation	(360,876)	-	(88,386)	(353,473)	(802,735)
Transfer	(985,355)	-	985,355	-	-

At 30 June 2017

Net of Accumulated Depreciation/Amortisation	12,549,675	1,050,000	1,603,431	1,538,805	16,741,911
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At 1 July 2016

Cost or Fair Value	13,169,438	1,050,000	692,415	4,238,660	19,150,513
Accumulated Depreciation/Amortisation	(5,931,311)	-	(527,086)	(2,990,939)	(9,449,336)
Net Carrying Amount	7,238,127	1,050,000	165,329	1,247,721	9,701,177

At 30 June 2017

Cost or Fair Value	18,538,002	1,050,000	2,218,903	4,333,262	26,140,167
Accumulated Depreciation/Amortisation	(5,988,327)	-	(615,472)	(2,794,457)	(9,398,256)
Net Carrying Amount	12,549,675	1,050,000	1,603,431	1,538,805	16,741,911

13. INVESTMENT PROPERTIES

	2017 \$	2016 \$
Opening Balance at 1 July	1,660,000	1,640,000
Net gain/(loss) from fair value adjustment	110,000	20,000
Closing Balance 30 June	1,770,000	1,660,000

Investment properties are stated at fair value, which has been determined by the Directors based on a sales appraisal performed by Dalton Real Estate as at 30 June 2017. The real estate agent frequently assesses the market values for properties similar to those held by the Company in the same areas, having regard to past sales prices of other properties and current market conditions.

14. INTANGIBLE ASSETS

	2017 \$	2016 \$
Non Current		
Poker Machine Entitlements	125,000	125,000
	125,000	125,000

15. TRADE AND OTHER PAYABLES

Current

Trade Creditors	426,869	74,828
Sundry Creditors	220,565	138,393
GST Payable	-	82,507
	647,434	295,728

16. FINANCIAL LIABILITIES

Current

Hire Purchase Liability	235,824	223,123
Loan Facility	5,933,550	-
Insurance Loan	75,900	95,924
Chattel Mortgage Liability	147,205	-
Overdraft Facility	35,405	-
	6,427,884	319,047

Non Current

Hire Purchase Liability	195,886	127,078
Chattel Mortgage Liability	307,892	-
	503,778	127,078

Refer Note 20 for Security Details

17. PROVISIONS

Current

Provision for Annual Leave	234,539	192,744
Provision for Long Service Leave	58,916	60,825
Provision for Linked Jackpot	12,430	9,570
	305,885	263,139

Non Current

Provision for Long Service Leave	83,372	65,072
	83,372	65,072

18. OTHER CURRENT LIABILITIES

	2017 \$	2016 \$
Current		
Deposits	62,900	62,900
Sponsorship Income in Advance	24,063	-
Income in Advance	26,365	25,483
	<u>113,328</u>	<u>88,383</u>

Non Current

Sponsorship Income in Advance	48,126	-
Income in Advance	17,307	16,571
	<u>65,433</u>	<u>16,571</u>

19. COMMITMENTS FOR EXPENDITURE

Capital Commitments

The Club has no capital commitments

Non Cancellable Rental Agreements

Total commitments in respect of rental agreements are as follows:-

Not later than one year	29,856	29,856
Later than one year and not later than five	48,330	78,186
	<u>78,186</u>	<u>108,042</u>

Other Commitments

Under the terms of the Deed of Amalgamation with Waratah Mayfield R.L.F.C. the Company has a commitment to pay \$10,000 p.a. to the R.L.F.C. until June 2022.

20. SECURITY

To fund the renovation, the Club has arranged a loan facility with the ANZ bank. The facility limit on the loan is \$6,025,000, with an additional finance facility available for asset finance of \$1,000,000. These finance facilities have been secured by the following:

- First Registered Mortgage over 50-58 Hanbury Street, Mayfield, NSW
- First Registered Mortgage over 70 Hanbury Street, Mayfield, NSW
- First Registered Mortgage over 74 Hanbury Street, Mayfield, NSW
- First Registered Mortgage over 26 Baker Street, Mayfield, NSW
- First Registered Mortgage over 28 Baker Street, Mayfield, NSW

21. RELATED PARTIES

Directors

The names of persons who were Directors of the Company at any time during the year are as they appear in the attached Directors Report.

Directors, Mr Rex Jones and Mr Robert Simpson each lease an investment property from the Club under normal commercial terms and conditions.

	2017 \$	2016 \$
Key Management personnel received the following benefits during the financial year:		
Short Term Employment benefits	292,378	285,271
Long Term Employment benefits	12,138	6,453
Post Employment benefits	25,035	25,913
	<u>329,551</u>	<u>317,637</u>

22. CONTINGENT LIABILITIES

Security

The hire purchase arrangements are secured over the goods financed.

Mortality Fund

As at the 30 June 2017 the Club had 162 financial members in the Mortality Fund. This equates to a contingent liability totalling \$24,300 based on \$150 per member, which has not been brought to account in the financial report. (2016: 185 members \$27,750).

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