



MAYFIELD EX-SERVICES CLUB LIMITED

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

ABN 82 000 995 602

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

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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, 7 October 2018 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 and honorariums).
6. To deal with any other business that may be dealt with at the Annual General Meeting.

CLUB PROPERTY REPORT

Pursuant to Section 41J(2) of the *Registered Clubs Act*, for the financial year ended 30 June 2014, 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
- (a) 28 Baker Street Mayfield NSW is non-core property of the Club

1 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.
- (a) 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.

MAYFIELD EX-SERVICES CLUB LIMITED

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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.

2 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

3. 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.
4. 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:

By direction of the Board

Greg Luck

General Manager



PRESIDENT'S REPORT 2018

This report is submitted in my capacity as Acting President and Senior Vice President, with the Presidents role becoming vacant after the sad passing of our long serving President Richard Bailey in December 2017.

Richard Bailey was a highly regarded member of the Club's Board for over 20 years and his direction and acumen was invaluable to both Board members and Management alike. He leaves a great legacy to the club by way of recent renovations and the proposed residential development.

A Memorandum of Understanding has been signed by Mavid Pty Ltd (a local development company) to obtain Development Approval to build a block of residential units on the clubs residential property adjacent to our car park.

The club will not be entering into a joint venture and will carry no debt or risk from the construction of the units however on completion will receive unencumbered title to a number of units, the retail value of which will increase the clubs asset base by over \$1.2million. As soon as developers have a detailed concept plan it will be put on display for member's information.

The Annual General Meeting this year will see a new President and Senior Vice President and at least two new Directors positions vacant. In relation to the makeup of the Board it is important that we attempt to attract younger members of varying backgrounds and gender to stand for the Board.

During the next twelve months it is intended that in joint discussions and agreements with our Sub Branch Executive that the Constitution of the Club be changed to remove the impediment on voting for changes to the Constitution to be restricted to members of the Sub Branch only.

The Board and Management are open to change at all times in an effort to achieve best practice for the club, however it is up to the individual members to come forward and nominate for the positions.

I will leave the financial reports to Management and the Accountants presentation at our Annual General Meeting but suffice to say the turnaround in the club's position post renovations is a good sign.

The thanks of the Board go out to our Management team and our staff for a job well done.

In regard to our staff, all members should be aware that under Work Place Health and Safety legislation the club is a staff member's workplace and it is our responsibility to provide a safe working environment. In this regard, any abusive, threatening or bullying behaviour by members or visitors towards staff is an offence and the club requests all patrons respect the staff's right to a safe workplace.

To all members who have lost a loved one during the year please accept the sincere condolences of the club and its members.

Rex Jones
Senior Vice President



GENERAL MANAGER'S REPORT 2018

As you are all no doubt aware, over the past few years the club undertook a major renovation process. This was a major development in the history of the club and was not without it's challenges.

Now that the dust has settled, I am pleased to share the following information about the operation of your club over the past twelve months.

A full twelve months along from completing major renovations we have seen a major increase in trading incomes and bottom line profit.

- **Bar net profit up 45%**
- **Gaming Net profit up 31%**
- **Net Profit \$36,459.00**

Overall trading Income has increased by \$1,025,000.00 or 28.9% as a direct result of the renovations.

Most pleasing is to see the clubs EBITDA (Earnings Before Interest Tax Depreciation Amortisation) figure now sitting at \$1,163,319.00 or 16.4%. The EBITDA percentage is comparable to clubs similar to us in size.

What is the EBITDA?

This financial formula shows the profitability of a business as an ongoing concern. Banks and finance companies use this to analyse how a business is travelling in a financial capacity. Clubs all use different depreciation rates so when comparing clubs the EBITDA is the best guide.

As an example of this - the Mex club has \$5million dollars still on our depreciation schedule from 1994 that still has \$2.4 million to disperse off our books.

The increase in actual Net Profit has exceeded the increase in Gross sales figures and reflects the efforts by Board and Management to ensure the club is being run on a sound business basis.

As always in business, expenses are the area that causes the most angst and can affect the bottom line profit of the club. There are many costs that the club has very little control over, that are dictated by market forces and some of these are noted below:

Non Controllable areas

Insurance Premiums	Increase of \$40k per annum or 19.4%
Electricity & Gas	Increase of \$71k per annum or 27.6%
Wage Increases by Fair Work	Increase of \$52k or 3.2%

To try to decrease our electricity usage and increase your comfort level the club has installed \$260,000.00 of new air conditioning thru out the club this year, replacing the 27 year old equipment that was past it's use by date.

In February of this year according to the Club net gaming ranking Mayfield Ex Services club climbed more spots on the rankings than any other club in NSW for the previous 12 months.

MAYFIELD EX-SERVICES CLUB LIMITED

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The renovations are being well received and have seen 2018 membership grow to the largest since I started here in 2007, another sign that we must be doing something right. Out of every dollar that is spent in the club a massive 11.6% is deducted from the income and given back to you the member in some form of benefit such as in the TAB, Bingo, Raffles, Courtesy Bus, Redemptions, bar discounts and promotions.

Our two eating outlets are going extremely well drawing customers from Belmont to Nelson Bay and Maitland - this has made a huge difference to our customer base and helped with our profitability.

After a successful year the Board and Management team are committed to the next stage of our business cycle - ensuring we consolidate our position and build a strong cash position for the club.

The Mex Club members are in for some exciting times over the next twelve months with our live music and promotions continuing and improving.

Vouchers for our popular Christmas Toy and Ham raffles are attached in the magazine.

Members Appreciation Day will be on Saturday the 15th of December - just swipe your card and receive \$10 free in appreciation of your support for the year.

Our yearly kids Christmas party at Dangar Park will be held on Sunday 2nd of December. Make sure to book your tickets early as over 300 people attended last year's event.

Our Mex Rewards program has been running for two years now and will be revamped in January 2019. Information letters will be mailed out to all Reward members showing the changes and how to qualify.

Mex Club's achievements this year have been a team effort and I send a big thankyou to all of my staff for turning up for every shift and putting in outstanding customer service. Acting President Rex Jones and his board also need to accept a great deal of thanks for their foresight in making the renovations happen.

Every past President, board member and staff member that has worked here since our opening in the 1950's deserve to take credit for the strong position the Mex Club is in at the moment. Without their hard work building the foundations of Mayfield Ex Services Club we wouldn't be here now.

To you the member, the Mex Club thanks you for your patronage. None of the achievements mentioned could have happened without your support. We believe we have the best members in Newcastle.

As we all know we lost our President Richard Bailey this year. Richard was a true gentleman and a great servant of the club. To Richard's family and any member of the Mex Club that has lost a loved one this year please accept our sincere condolences for your loss.

Greg Luck
General Manager



MAYFIELD EX SERVICES CLUB LIMITED
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FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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The financial report was authorised for issue by the Directors on 4 September 2018. The Company has the power to amend and re-issue the financial report.



MAYFIELD EX SERVICES CLUB LIMITED
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DIRECTORS' REPORT

Your Directors present their report for the financial year ended 30 June 2018.

1. Directors

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

Name	Position	Experience and Qualifications	Years Service
Rex Jones	President	Worked in Defence Force.	13
Damien Horan	Senior Vice President	Currently working as an aircraft maintenance engineer. Previously worked as a police officer. Qualification obtained include Diploma of Policing and Certificate IV in Aeroskills.	5
Wes Ting	Junior Vice President	Previously worked as a switchboard operator.	16
Lyle Chapman	Director	Worked as a carpenter and joiner.	19
Philip Hicks	Director	Worked as a police officer	12
Mervyn Nichols	Director	Previously worked as a store supervisor. Also a Director of Mayfield West Bowling Club.	7
Robert Simpson	Director	Worked as both a bar manager and a photojournalist.	6

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 2018 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 return to 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.

4. Results

The net result of operations after applicable income tax was a profit of \$36,459 (2017 loss of \$358,932).

The return to a profit for the year reflects significant growth in bar sales and poker machine revenue, with the prior year's result affected by the disruption to trading during the renovations to the Club.

5. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and is set out on page 4 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.



MAYFIELD EX SERVICES CLUB LIMITED
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DIRECTORS' REPORT

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 2018 the collective liability of members was \$22,526 (2017 \$20,266).

7. Meeting Attendances

The number of Board meetings held during the financial year ended 30 June 2018 was 12, being 12 normal Board meetings. The details of each Directors attendance at those meetings is given below:-

<u>Director</u>	<u>Normal</u>	<u>No. Held while in Office</u>
Rex Jones	12	12
Damien Horan	9	12
Wes Ting	12	12
Lyle Chapman	12	12
Philip Hicks	10	12
Mervyn Nichols	11	12
Robert Simpson	12	12
Richard Bailey (Deceased 22 Dec 17)	4	6
Lesley Cook (Resigned 24 Oct 17)	3	4

The Club's Annual General meeting was held on 19 November 2017.

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

A handwritten signature in black ink, appearing to be "R. Jones".

R. Jones - President

A handwritten signature in black ink, appearing to be "D. Horan".

D. Horan - Senior Vice President

Date: 4 September 2018



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 2018 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: 4 September 2018
Warabrook, NSW



MAYFIELD EX SERVICES CLUB LIMITED
(ACN 000 995 602)

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 (the Company), which comprises the statement of financial position as at 30 June 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cashflows for the year 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 Mayfield Ex Services Club Limited is in accordance with the Corporation Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 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 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Accounting Standard for a company approved under the Professional Standards legislation

DFK is a member firm of DFK International a worldwide organisation of independent accounting firms and business advisors

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MAYFIELD EX SERVICES CLUB LIMITED
(ACN 000 995 602)

INDEPENDENT AUDIT REPORT TO MEMBERS

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.

Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Club for the year ended 30 June 2018 included on the Club's web site. The Club's Directors are responsible for the integrity of the Club's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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: 4 September 2018
Warabrook, NSW

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MAYFIELD EX SERVICES CLUB LIMITED
(ACN 000 995 602)

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages 8 to 20 are in accordance with the Corporations Act 2001 including:
 - (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory reporting requirements; and
 - (b) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date.
- 2 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:

A handwritten signature in black ink, appearing to be "R. Jones".

R. Jones - President

A handwritten signature in black ink, appearing to be "D. Moran".

D. Moran - Senior Vice President

Date: 4 September 2018

MAYFIELD EX-SERVICES CLUB LIMITED
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MAYFIELD EX SERVICES CLUB LIMITED
(ACN 000 995 602)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and Cash Equivalents	8	266,619	181,159
Trade and Other Receivables	9	1,796	30,244
Inventories	10	34,646	36,647
Other Assets	11	157,726	141,832
Assets Held for Sale	12	2,020,000	-
TOTAL CURRENT ASSETS		2,480,787	389,882
NON-CURRENT ASSETS			
Property, Plant and Equipment	13	16,115,225	16,741,911
Investment Properties	14	-	1,770,000
Intangible Assets	15	125,000	125,000
TOTAL NON-CURRENT ASSETS		16,240,225	18,636,911
TOTAL ASSETS		18,721,012	19,026,793
CURRENT LIABILITIES			
Trade and Other Payables	16	441,802	647,434
Financial Liabilities	17	6,366,559	6,427,884
Provisions	18	331,710	305,885
Other Liabilities	19	140,759	113,328
TOTAL CURRENT LIABILITIES		7,280,830	7,494,531
NON-CURRENT LIABILITIES			
Financial Liabilities	17	432,806	503,778
Provisions	18	51,939	83,372
Other Liabilities	19	39,299	65,433
TOTAL NON-CURRENT LIABILITIES		524,044	652,583
TOTAL LIABILITIES		7,804,874	8,147,114
NET ASSETS		10,916,138	10,879,679
MEMBERS' FUNDS			
Accumulated Profits		10,916,138	10,879,679
TOTAL MEMBERS' FUNDS		10,916,138	10,879,679

MAYFIELD EX-SERVICES CLUB LIMITED
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MAYFIELD EX SERVICES CLUB LIMITED
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Bar Sales		1,238,583	1,034,778
Less Cost of Goods Sold		(498,379)	(424,705)
Bar Gross Profit (\$)		740,204	610,073
Poker Machine Net Revenue		4,987,998	3,884,996
Paper Gaming Commissions		145,887	119,536
Function Revenue		4,259	1,437
Members Subscriptions		53,950	45,192
Interest Received		669	2,554
Fair Value Adjustment on Investment Properties		250,000	110,000
Rent Received		381,958	368,023
Raffle Income		219,522	231,779
Bingo Income		105,149	114,320
Insurance Recoveries		37,900	87,358
Sponsorship Income		27,109	24,063
Other Income		47,127	38,527
Total Trading and Other Income		7,001,732	5,637,858
Expenses			
Bar Direct Expenses		396,246	371,018
Cafe Direct Expenses		-	105
Poker Machine Direct Expenses		1,612,445	1,312,012
Paper Gaming Direct Expenses		89,689	108,949
Function Direct Expenses		1,087	3,626
Rental Property Expenses		11,474	12,621
Members Amenities Expenses		939,046	868,005
Clubhouse Expenses		792,304	721,440
Administration Expenses		2,807,347	2,507,724
Borrowing Expenses		315,635	91,290
Total Expenses		6,965,273	5,996,790
Net Profit/(Loss) Before Income Tax	6	36,459	(358,932)
Income Tax Benefit/(Expense) relating to ordinary activities	7	-	-
Net Profit/(Loss) After Income Tax		36,459	(358,932)
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss)		36,459	(358,932)

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

MAYFIELD EX-SERVICES CLUB LIMITED
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MAYFIELD EX SERVICES CLUB LIMITED
(ACN 000 995 602)

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2018

Note	2018	2017
	\$	\$
Cash Flows from Operating Activities		
Receipts from Members and Guests	7,915,641	6,601,307
Payments to Suppliers and Employees	(6,690,038)	(5,801,843)
Interest Received	669	2,554
Borrowing Costs	(315,635)	(91,290)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	<u>910,637</u>	<u>710,728</u>
Cash Flows from Investing Activities		
Proceeds from Disposal of Plant & Equipment	24,200	53,450
Payments for Property, Plant and Equipment	(337,239)	(7,762,715)
<i>Net Cash Flows provided by (used in) Investing Activities</i>	<u>(313,039)</u>	<u>(7,709,265)</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings	141,172	6,940,510
Repayment of Hire Purchases	(335,977)	(292,405)
Repayment of Borrowings	(281,928)	(197,973)
<i>Net Cash Flows provided by (used in) Financing Activities</i>	<u>(476,733)</u>	<u>6,450,132</u>
Net Increase/(Decrease) in Cash Held	120,865	(548,405)
Cash and Cash Equivalents at the Beginning of the Financial Year	<u>145,754</u>	<u>694,159</u>
Cash and Cash Equivalents at the End of the Financial Year	8 <u>266,619</u>	<u>145,754</u>

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

MAYFIELD EX-SERVICES CLUB LIMITED
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MAYFIELD EX SERVICES CLUB LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Profits \$	Total \$
Opening Balance 1 July 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
Net profit / (loss) after income tax	36,459	36,459
Closing Balance 30 June 2018	10,916,138	10,916,138

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



MAYFIELD EX SERVICES CLUB LIMITED
(ACN 000 995 602)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 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.



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FOR THE YEAR ENDED 30 JUNE 2018

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 as an 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.

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Assets Held for Sale

When the Company intends to sell a non-current asset or a group of assets (a disposal group), and if sale within twelve (12) months is highly probable, the asset or disposal group is classified as 'held for sale' and presented separately in the statement of financial position.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some 'held for sale' assets such as financial assets, continue to be measured in accordance with the Company's accounting policy for those assets. Once classified as 'held for sale', the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or re-measurement of assets held for sale is presented as part of a single line item, profit or loss from assets held for sale.

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.

Rental income is recognised in the period in which access to the property is provided.

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 derecognising of an investment property are recognised in the statement of profit or loss and other comprehensive income in that year.



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Hire Purchase

Assets acquired under hire purchase or chattel mortgage agreements are brought to account at cost together with a corresponding hire purchase or chattel mortgage 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 \$2,480,787 compared to current liabilities of \$7,280,830 giving a working capital deficit of \$4,800,043. These balances include:

- Assets held for sale of \$2,020,000, which represents assets formally held by the Company as investment property. While it is expected that the sale of these assets will occur within the next 12 months, the sale proceeds are required to be held as security by the ANZ bank and are restricted such that they can only be accessed to fund the purchase of 8 residential units in accordance with the option agreement with Hanbury Street Diggers Unit Trust (refer note 12).
- The entire balance of the ANZ Loan of \$5,933,550 is stated as a current liability due to the loan agreement containing a review clause which limits the Company from having an unconditional right to defer settlement of the loan, despite the Company having fulfilled all its obligations to the Bank to date. Of the existing loan, \$2,933,550 is due to be repaid on 19 May 2019, \$1,500,000 on 23 December 2019 and \$1,500,000 on 21 December 2021. No principle repayments are required in relation to the current facilities and the Directors expect to be able to refinance the debt on acceptable terms when these facilities expire.

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

- The Company generated positive net operating cashflows of \$910,637 during the current year.
- The Company has a cash balance at 30 June 2018 of \$266,619.
- The Company has access to undrawn finance facilities from the Bank at 30 June 2018 of \$852,452.
- 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 Company.
- The Directors expect cashflows going forward to continue to be strong based on recent results and management cashflow budgets, noting that trading has improved compared to the previous year which included the completion of the renovations.
- The Directors expect to refinance the ANZ loan facilities on reasonable terms and conditions on or prior to the facility termination dates.

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.



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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	2018	2017
	\$	\$
Operating Revenue		
Bar Sales	1,238,583	1,034,778
Poker Machine Net Revenue	4,987,998	3,884,996
Function Revenue	4,259	1,437
Interest Received/Receivable	669	2,554
Paper Gaming Commission	145,887	119,536
Rent Received	381,958	368,023
Fair Value Adjustment on Investment Properties	250,000	110,000
Members Subscriptions	53,950	45,192
Insurance Recoveries	37,900	87,358
Raffle Income	219,522	231,779
Bingo Income	105,149	114,320
Sponsorship Income	27,109	24,063
Other	47,127	38,527
Total	7,500,111	6,062,563



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
6 Operating Profit		
Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:-		
Credits		
Interest Received/Receivable	669	2,554
Fair Value Adjustment on Investment Properties	250,000	110,000
Charges		
Depreciation	1,051,895	802,735
Loss on Sale of Assets	6,147	189,910
Interest and Finance Costs	315,635	91,290
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:-		
Operating profit/(loss) before income tax	36,459	(358,932)
Income Tax thereon @ 27.5%	10,026	(98,706)
Non Deductible Expenses	14,820	(4,841)
Apportionment Adjustment Members Income and Expenses	44,069	112,629
Timing Differences	(76,079)	(83,515)
Carried forward losses not recognised / (recouped)	7,164	74,434
Income Tax Expense/(Benefit)	-	-
b) The Directors estimate that the potential Deferred Tax Asset at 30 June 2018 in respect of tax losses not brought into account is:-	188,688	181,524
The benefit for tax losses will only be obtained if:-		
i) 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;		
ii) the Company continues to comply with the conditions for deductibility imposed by the tax legislation; and		
iii) 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	266,619	181,159
	266,619	181,159
Reconciliation to Cash and Cash Equivalents per Statement of Cashflows		
Cash and Cash Equivalents	266,619	181,159
Overdraft Facility (Note 17)	-	(35,405)
	266,619	145,754
9 Trade and Other Receivables		
Current		
GST Receivable	-	28,820
Other Debtors	1,796	1,424
	1,796	30,244
10 Inventories		
Current		
Stock on Hand - Liquor	34,646	36,647
	34,646	36,647



MAYFIELD EX SERVICES CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
11 Other Assets		
Current		
Prepayments	152,726	136,832
Security Deposit	5,000	5,000
	<u>157,726</u>	<u>141,832</u>
12 Assets Held for Sale		
Current		
Investment Properties	2,020,000	-
	<u>2,020,000</u>	<u>-</u>

In March 2018 management and the Board committed to a plan to sell their investment properties. A Deed of Call Option was entered into on 13 March 2018 with Hanbury Street Diggers Investments Pty Ltd as trustee for the Hanbury Street Diggers Unit Trust to undertake a residential development project. The properties have therefore been classified as assets held for sale and are carried at fair value based on the expected sale price. Once the development is complete, the Company has an option to acquire 8 of the 84 residential units for \$2,020,000.

13 Property, Plant and Equipment

	Capital Work in Progress	Building and Improvements	Land	Plant and Equipment	Poker Machines	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2018						
At 1 July 2017,						
Net of Accumulated Depreciation/Amortisation	-	12,549,675	1,050,000	1,603,431	1,538,805	16,741,911
Additions	16,630	54,120	-	76,841	307,965	455,556
Disposals	-	-	-	(14,479)	(15,868)	(30,347)
Depreciation/Amortisation	-	(488,178)	-	(181,843)	(381,874)	(1,051,895)
Transfer	-	-	-	-	-	-
At 30 June 2018						
Net of Accumulated Depreciation/Amortisation	<u>16,630</u>	<u>12,115,617</u>	<u>1,050,000</u>	<u>1,483,950</u>	<u>1,449,028</u>	<u>16,115,225</u>
At 1 July 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	<u>-</u>	<u>12,549,675</u>	<u>1,050,000</u>	<u>1,603,431</u>	<u>1,538,805</u>	<u>16,741,911</u>
At 30 June 2018						
Cost or Fair Value	16,630	18,592,122	1,050,000	2,242,018	4,274,469	26,175,239
Accumulated Depreciation/Amortisation	-	(6,476,505)	-	(758,068)	(2,825,441)	(10,060,014)
Net Carrying Amount	<u>16,630</u>	<u>12,115,617</u>	<u>1,050,000</u>	<u>1,483,950</u>	<u>1,449,028</u>	<u>16,115,225</u>

	2018	2017
	\$	\$
14 Investment Properties		
Opening Balance at 1 July	1,770,000	1,660,000
Net gain/(loss) from fair value adjustment	250,000	110,000
Transfer to Assets Held for Sale	(2,020,000)	-
Closing Balance 30 June	<u>-</u>	<u>1,770,000</u>

Due to the Deed of Call Option entered into with Hanbury Street Diggers Unit Trust (refer note 12), the investment properties have been transferred to assets held for sale.



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	2018	2017
	\$	\$
15 Intangible Assets		
Non Current		
Poker Machine Entitlements	125,000	125,000
	<u>125,000</u>	<u>125,000</u>
16 Trade and Other Payables		
Current		
Trade Creditors	173,560	426,869
Sundry Creditors	169,458	220,565
GST Payable	98,784	-
	<u>441,802</u>	<u>647,434</u>
17 Financial Liabilities		
Current		
Hire Purchase Liability	264,946	235,824
ANZ Loan	5,933,550	5,933,550
Insurance Loan	82,350	76,900
Chattel Mortgage Liability	85,713	147,205
Overdraft Facility	-	35,405
	<u>6,366,559</u>	<u>6,427,884</u>
Non Current		
Hire Purchase Liability	210,628	195,886
Chattel Mortgage Liability	222,178	307,892
	<u>432,806</u>	<u>503,778</u>
Refer Note 21 for Security Details		
18 Provisions		
Current		
Provision for Annual Leave	211,710	234,539
Provision for Long Service Leave	97,959	58,916
Provision for Linked Jackpot	22,041	12,430
	<u>331,710</u>	<u>305,885</u>
Non Current		
Provision for Long Service Leave	51,939	83,372
	<u>51,939</u>	<u>83,372</u>
19 Other Current Liabilities		
Current		
Deposits	62,900	62,900
Sponsorship Income in Advance	28,999	24,063
Income in Advance	48,860	26,365
	<u>140,759</u>	<u>113,328</u>
Non Current		
Sponsorship Income in Advance	21,017	48,126
Income in Advance	18,282	17,307
	<u>39,299</u>	<u>65,433</u>



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	2018	2017
	\$	\$
20 Commitments for Expenditure		
Capital Commitments		
The Club has the following capital commitments:		
Air Conditioner System	222,100	-
	222,100	-
Non Cancellable Rental Agreements		
Total commitments in respect of rental agreements are as follows:-		
Not later than one year	28,230	29,856
Later than one year and not later than five	20,100	48,330
	48,330	78,186
	48,330	78,186

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.

21 Security

To fund the renovation of the Club in 2017, the Company 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 \$701,002. 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

The hire purchase arrangements are secured over the goods financed.

22 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.

	2018	2017
	\$	\$
Key Management personnel received the following benefits during the financial year:		
Short Term Employment benefits	303,096	292,378
Long Term Employment benefits	8,821	12,138
Post Employment benefits	28,271	25,035
	340,188	329,551
	340,188	329,551

23 Contingent Liabilities

Mortality Fund

As at the 30 June 2018 the Company had 133 financial members in the Mortality Fund. This equates to a contingent liability totalling \$19,950 based on \$150 per member, which has not been brought to account in the financial report. (2017: 162 members \$24,300).

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