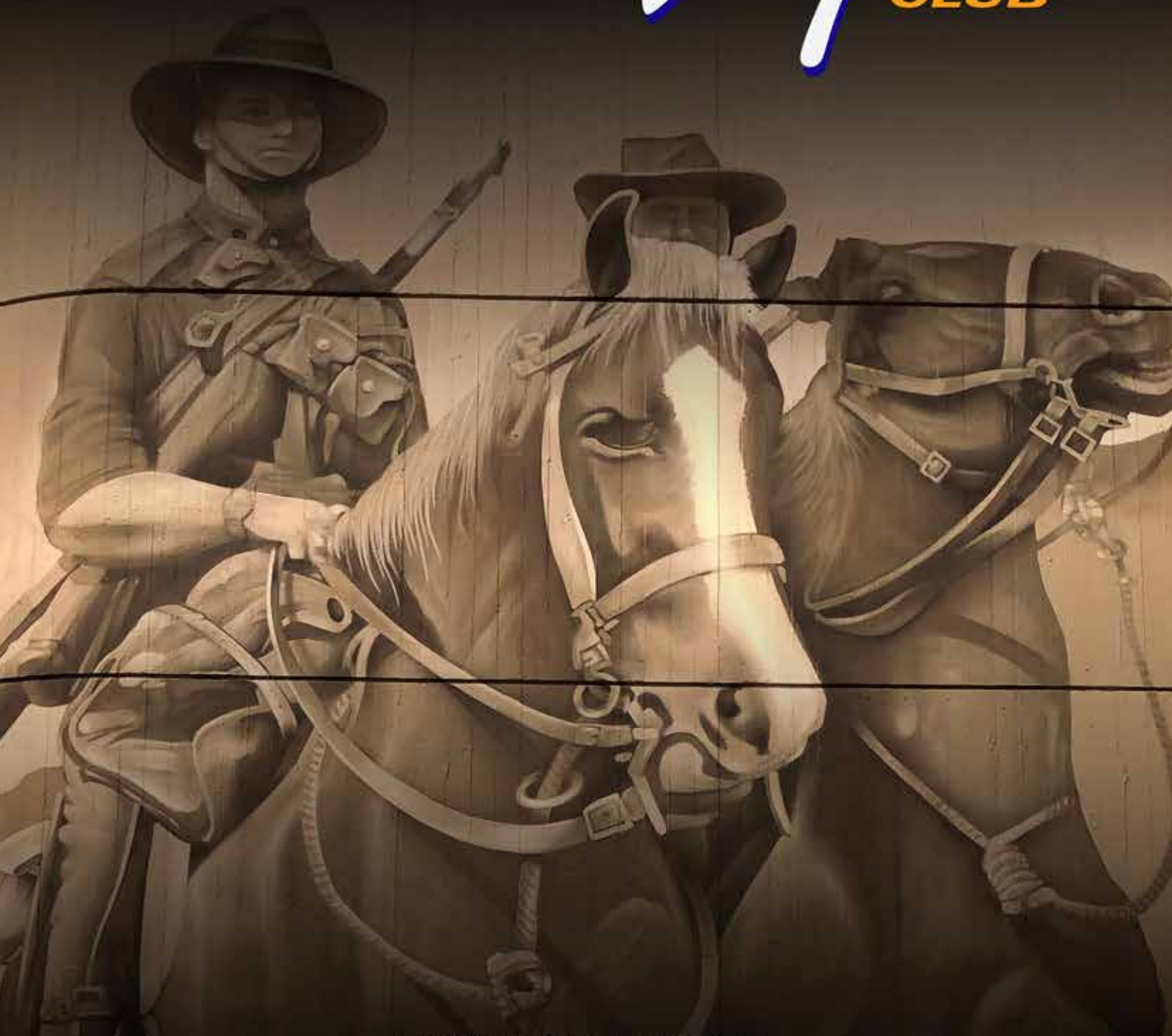


MAYFIELD EX-SERVICES CLUB LIMITED



**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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, 11 October 2020 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 2020, 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.

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.

1 ORDINARY RESOLUTION

That the members hereby approve:

- (a) the payment of the following honorariums:

(i) President	-	\$4,000.00 per annum
(ii) Senior Vice President	-	\$2,500.00 per annum
(iii) Junior Vice President	-	\$2,000.00 per annum
(iv) Ordinary Board Members	-	\$1,500.00 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

GENERAL MANAGER'S REPORT 2020

To say that the last twelve months has been chaotic would be an understatement.

The initial onset of the Covid-19 virus in early February into March saw a steady decline in club income, then the total shutdown of all clubs from 23rd March 2020 until 1st June 2020 saw our income disappear.

In late March when we had to stand down and reduce hours for our staff this was a difficult time for everyone concerned. At that time management and the board had no idea how or if we would come out the other side financially and with the prospect of not re-opening.

With Government Assistance via Job Keeper we have been able to maintain employment for our valuable staff members for the period we were closed and the continuation of subsidy until 28th September 2020 has assisted the club to remain viable.

The response from Government, Financiers and suppliers has been magnificent and has allowed ourselves and many other businesses to survive in these unprecedented times.

This pandemic and its continuing devastation on our normal lifestyle has meant the club needs to completely reassess our business model - members and guests can expect to see changes and belt tightening during the next twelve months or more.

We are unable to give any indication as to if and when Star Buffet will return, this is in the hands of the Government and the operator. In the Interim we would like to thank our Stacks Café operator Catherine Rizzoli and her staff for their efforts.

I would like to thank Rex Jones and his board for their support during these tough times and also a big thank you to all our staff.

Tony Blanch will retire at the end of October as Finance Manager. A lot of members wouldn't know Tony but the board and myself understand all the time and effort he has put in during the Pandemic.

Mayfield Ex-Services wouldn't be in the position we are now if it wasn't for Tony. We would like to sincerely wish all the best to Tony and his wife Jen in retirement.

Lastly to you the member - thanks for coming back .

Meet you at the Mex!

Greg Luck
General Manager

Annual financial report for the year ended 30 June 2020

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These financial statements are the financial statements of Mayfield Ex Services Club Limited. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 1 September 2020. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Mayfield Ex Services Club Limited (the Company) for the year ended 30 June 2020.

Directors details

The following persons were Directors of Mayfield Ex Services Club Limited during the financial year, and up to the date of this report:

Mr Rex Jones

President
Director since 2005
Worked in Defence Force.

Mr Damien Horan

Senior Vice President
Director since 2013

Currently working as an aircraft maintenance engineer. Previously worked as a police officer. Qualification obtained includes Diploma of Policing and Certificate IV in Aeroskills.

Mr Wes Ting

Junior Vice President
Director since 2002

Previously worked as a switchboard operator.

Mr Lyle Chapman

Director
Director since 1999

Worked as a carpenter and joiner.

Mr Mervyn Nichols

Director
Director since 2011

Previously worked as a store supervisor. Also a Director of Mayfield West Bowling Club.

Mr Robert Simpson

Director
Director since 2012

Worked as both a bar manager and a photojournalist.

Mr Richard Clarke

Director
Director since 2018

Worked in hospitality.

Mr Terence Ting

Director
Director since 2018

Worked as a salesman.

Mr Brett Hyham

Director
Director since 2019

Worked as a hospitality trainer.

Company secretary

Mr Greg Luck has been the General Manager and Company Secretary of Mayfield Ex Services Club Limited since October of 2012. Mr Luck has been managing clubs since 2000 with an additional 10 years of experience in the pub industry.

Director's meetings

The number of meetings the Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each director is as follows:

Board members	Board meetings	
	A	B
Mr Rex Jones	12	12
Mr Damien Horan	12	10
Mr Wes Ting	12	10
Mr Lyle Chapman	12	12
Mr Mervyn Nichols	12	11
Mr Robert Simpson	12	12
Mr Richard Clarke	12	12
Mr Terence Ting	12	12
Mr Brett Hyham (Appointed 13/10/19)	9	9
Mr Phillip Hicks (Resigned 13/10/19)	3	2

Where:

- column A: the number of meetings the Director was entitled to attend
- column B: the number of meetings the Director attended

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 30 June 2020, the following land and buildings are considered to be core and non-core property:

Core Property

- 50-58 Hanbury Street, Mayfield NSW 2305

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

Principal activities

During the year, the principal activities of the Company was the running of a licensed Club for the benefit of its members and to meet the Company's objectives under its constitution.

There have been no significant changes in the nature of these activities during the year.

Significant changes in state of affairs

As a result of the spread of COVID-19 the Federal Government announced the closure of all Registered Clubs effective 23 March 2020. Trading under restricted conditions was allowed to re-commence from 1 June 2020,

There have been a range of measures introduced by the Government to support businesses and the Company is eligible as a result of the impact of the shutdowns announced due to the COVID-19 pandemic. The Company anticipates continued challenging trading conditions until such time that a return to normal operations is possible. The extent of any loss incurred may impact existing cash reserves, with the financial position of the Company being monitored on an ongoing basis by management and the Board.

Short-term and long-term objectives

The Company'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 Company has adopted the following strategies:

- Maintain or increase existing revenue levels and control costs to return to profitability which will allow the Company's premises to be continually improved.

Performance measurement

The Company measures its performance against industry benchmarks, gross profit percentage and wages to sales percentages to measure the financial performance of trading areas such as bar and gaming. The Company also uses EBITDA to measure the financial performance of the Company overall.

Review of operations and financial results

A review of the operations of the Company during the financial year and the results of those operations noted a decrease in revenue of 21% to \$5,732,920. The operating result of the Company for the financial year after providing for income tax is set out below:

	2020	2019	Change
	\$	\$	
Revenue from Bar, Paper Gaming and Poker Machine Operations	4,758,958	6,400,566	(1,641,608)
Other Revenue excluding fair value increase	973,962	864,198	109,764
Total Trading Revenue	5,732,920	7,264,764	(1,531,844)
Expenses excluding Interest, Depreciation and Amortisation	(5,001,599)	(6,207,987)	1,206,388
EBITDA	731,321	1,056,777	(325,456)
Depreciation, Amortisation, Profit and Loss on Disposal	(1,087,104)	(1,088,449)	1,345
Interest Expenses and Finance Costs	(276,480)	(326,206)	49,726
Net Profit / (Loss) for the year	(632,262)	(357,878)	(274,384)
Operating Cashflow	539,028	716,550	(177,522)

The Company has returned a strong EBITDA result, despite the effects of COVID-19 and resulting closure of the Company from 23 March 2020 to 1 June 2020. The main impact of this has been a decrease in revenue from operations, which has not entirely been offset by a corresponding decrease in expenses due to the fixed nature of a number of these costs. After consideration of depreciation and interest costs, the net result shows a loss for the year of \$632,052.

Contribution in winding up

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the Company. At the total amount that members of the Company are liable to contribute if the Company wound up is \$18,852 (2019: \$22,526).

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is set out on page 6 and forms part of this Directors' report.

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

Rex Jones - President

Damien Horan - Senior Vice President

Dated: 1 September 2020

Auditor's independence declaration

To the Directors of Mayfield Ex Services Club Limited

In accordance with the requirements of section 307C of the the Corporations Act 2001, as lead auditor for the audit of Mayfield Ex Services Club Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

Kirsty Porteous

Kirsty Porteous - Partner

DFK Crosbie Partners

DFK Crosbie Partners
Chartered Accountants

Dated: 1 September 2020
Newcastle West, NSW

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

		2020	2019
	Notes	\$	\$
Revenue from continuing operations	2	5,373,060	7,166,943
Other Income	3	359,860	115,001
Bar cost of goods sold		(367,298)	(494,765)
Bar direct expenses		(281,352)	(387,328)
Gaming direct expenses		(1,215,807)	(1,721,942)
Paper gaming expenses		(65,478)	(93,195)
Function direct expenses		-	(1,557)
Rental expenses		(27,633)	(19,545)
Member amenities		(755,536)	(945,585)
Clubhouse expenses		(685,630)	(792,973)
Administration expenses		(2,689,968)	(2,839,546)
Borrowing expenses		(276,480)	(326,206)
		(6,365,182)	(7,622,642)
Profit / (loss) before income tax		(632,262)	(340,698)
Income tax expense	4	-	-
Profit / (loss) for the year		(632,262)	(340,698)
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		(632,262)	(340,698)

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

Statement of financial position

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	629,705	616,361
Trade receivables	6	12,252	-
Inventories	7	30,835	42,083
Financial assets at amortised cost	8	95,750	-
Other assets	9	139,319	180,222
Assets held for sale	10	2,020,000	2,020,000
Total current assets		2,927,861	2,858,666
Non-current assets			
Property, plant and equipment	11	14,798,425	15,487,543
Intangible assets	12	125,000	125,000
Right-of-use assets	13	120,937	-
Total non-current assets		15,044,362	15,612,543
Total assets		17,972,223	18,471,209
LIABILITIES			
Current liabilities			
Trade and other payables	14	549,048	470,817
Financial liabilities	15	6,457,089	6,496,216
Provisions	16	386,434	335,550
Other liabilities	17	90,608	110,254
Lease liabilities	13	36,887	-
Total current liabilities		7,520,066	7,412,837
Non-current liabilities			
Financial liabilities	15	368,063	417,248
Provisions	16	30,909	47,278
Other liabilities	17	22,704	18,406
Lease liabilities	13	87,303	-
Total non-current liabilities		508,979	482,932
Total liabilities		8,029,045	7,895,769
Net assets		9,943,178	10,575,440
MEMBERS FUNDS			
Retained profits		9,943,178	10,575,440
Total members funds		9,943,178	10,575,440

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

Statement of changes in equity

For the year ended 30 June 2020

	Retained Profits \$	Total \$
Balance at 1 July 2018	10,916,138	10,916,138
Profit for the year	(340,698)	(340,698)
Other comprehensive income	-	-
Total comprehensive income for the year	(340,698)	(340,698)
Balance at 30 June 2019	10,575,440	10,575,440
Profit for the year	(632,262)	(632,262)
Other comprehensive income	-	-
Total comprehensive income for the year	(632,262)	(632,262)
Balance at 30 June 2020	9,943,178	9,943,178

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

Statement of cash flows

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from members and customers		5,938,053	7,864,638
Payments to suppliers and employees		(5,372,099)	(6,823,674)
Interest received		1,770	1,792
Interest paid		(204,696)	(326,206)
Government Stimulus received		176,000	-
Net cash inflow (outflow) from operating activities		539,028	716,550
Cash flows from investing activities			
Payments for property, plant and equipment		(418,416)	(104,477)
Proceeds from sale of property, plant and equipment		-	16,000
Net cash inflow (outflow) from investing activities		(418,416)	(88,477)
Cash flows from financing activities			
Proceeds from hire purchases		238,597	-
Proceeds from borrowings		163,797	284,771
Repayment of lease liabilities		(18,956)	-
Repayment of borrowings		(157,318)	(310,073)
Repayment of hire purchases		(333,388)	(253,029)
Net cash inflow (outflow) from financing activities		(107,268)	(278,331)
Net increase in cash and cash equivalents		13,344	349,742
Cash and cash equivalents at the beginning of the financial year		616,361	266,619
Cash and cash equivalents at the end of the financial year	5	629,705	616,361

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

Notes to the financial statements

For the year ended 30 June 2020

1 Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with 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 (the Company) is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

(b) Statement of compliance

This financial report complies with Australian Accounting Standards - *Reduced Disclosure Requirements* as issued by the Australian Accounting Standards Board (AASB).

The financial report has been prepared on an accruals basis and is based on historical costs, except for assets held for sale which have been measured at fair value. The financial report is presented in Australian Dollars.

(c) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*

The principal accounting policies adopted are consistent with those of the previous financial year except for the policies stated below:

AASB 15 Revenue from Contracts with Customers

The Company has adopted AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15' from 1 July 2019. AASB 15 establishes a comprehensive five-step framework for recognising revenue. AASB 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. AASB 15 has replaced past revenue recognition guidance including AASB 18 Revenue, AASB 11 Construction Contracts and the related Interpretations.

Under AASB 15, revenue is recognised when a performance obligation has been satisfied at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer/member. The standard requires entities to exercise judgment, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers/members.

AASB 15 has been applied by the Company in accounting for and recognising revenue. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new policies are set out in note 2.

The standard permits either a full retrospective or a modified retrospective approach for adoption. The Company employed the modified retrospective approach for adoption as at 1 July 2019.

The adoption has impacted the accounts as follows:

The Company concluded that AASB 15 required no change in the method of accounting for the sale of goods and the provision of services. Sales are made at a point in time as the products and services are provided, with no contingent features to the price or volumes delivered. Sales for the provision of services are made at a point in time, with no contingent features to the price. The Company has a customer loyalty program which allows customers to earn points from selected purchases which are redeemable on future purchases. It was determined that the impact of the loyalty program on 1 July 2019 and 30 June 2020 was immaterial.

The application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Company.

AASB 16 Leases

The Company has adopted AASB 16 'Leases' from 1 July 2019. AASB 16 Leases ('AASB 16') removes the current operating and finance lease distinction for lessees and requires entities to recognise all material leases on the statement of financial position. AASB 16 requires the recognition of a right-of-use asset and a corresponding lease liability at the commencement of all leases, except for short-term leases and leases of low value assets.

The standard permits either a full retrospective or a modified retrospective approach for adoption. The Company has elected to apply the modified retrospective method of adoption from the date of initial application, which allows the Company to not restate comparative financial statement information.

Notes to the financial statements

For the year ended 30 June 2020

(c) New and amended standards adopted by the Company (continued)

The adoption has impacted the annual financial report as follows:

As a result of the adoption of AASB 16, the Company has recognised right-of-use assets and lease liabilities with the following effects on the statement of financial position:

- The recognition of right-of-use assets of \$28,026;
- The recognition of lease liabilities of \$28,026;

(d) Working capital deficiency

As at 30 June 2020, Mayfield Ex Services Club Limited has a current assets of \$2,927,861 compared to current liabilities of \$7,520,066 giving a working capital deficiency of \$4,592,205. These balances include:

- (a) Assets held for sale of \$2,020,000, which represents assets formally held by the Company as investment properties. 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 10).
- (b) The entire balance of the ANZ Loan of \$6,025,000 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, as well as the Company breaching one of the covenants in the loan agreement. The loan facility of \$6,025,000 expires on 31 December 2021. Principal repayments of \$25,000 per month commencing from March 2021 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:

- (a) The Company generated positive net operating cashflows of \$539,028 during the current year;
- (b) The Company has a cash balance at 30 June 2020 of \$629,705;
- (c) The Directors do not foresee any issues in meeting the terms and conditions of its loans with the Bank and its trading terms with other financiers and creditors of the Company, with no further action expected to be taken by the Bank for the breach in terms.
- (d) The Directors expect cashflows going forward to continue to be strong, indicated by strong trading conditions from the month of June 2020 following re-opening of the Club.
- (e) The Club expects to continue to receive the support from Government stimulus measures including the Jobkeeper and Cashflow Boost programs for at least the period until 30 September 2020.
- (f) The Clubs operating cashflow for the year end 30 June 2020 was significantly impacted by the COVID-19 pandemic and related shutdown of the industry from 23rd March to 1 June. The Club expects future cashflows to improve and return to more normal levels based on trading performance since reopening in June 2020 (notwithstanding that restrictions remain in place which limit a return to pre-COVID operating conditions).
- (g) The Club expects to continue to receive support from its suppliers and members.

Based on the above, the Directors have determined that the going concern basis of accounting is appropriate.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

(f) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

Notes to the financial statements

For the year ended 30 June 2020

2 Revenue**(a) Disaggregation of revenue from contracts with customers**

The Company derives revenue from the transfer of goods and services over time and at a point in time for the following services:

	Raffle and Bingo Revenue	Rental Revenue	Gaming Revenue	Membership Revenue	Beverage Revenue	Other Revenue	Total
	\$	\$	\$	\$	\$	\$	\$
2020							
Revenue from contracts with customers	277,885	-	3,894,925	50,768	846,853	55,615	5,126,046
Other revenue (not covered by AASB15)	-	229,834	17,180	-	-	-	247,014
	277,885	229,834	3,912,105	50,768	846,853	55,615	5,373,060

Timing of revenue recognition

At a point in time	277,885	-	3,912,105	-	846,853	38,886	5,075,729
Over time	-	229,834	-	50,768	-	16,729	297,331
	277,885	229,834	3,912,105	50,768	846,853	55,615	5,373,060

	Raffle and Bingo Revenue	Rental Revenue	Gaming Revenue	Membership Revenue	Beverage Revenue	Other Revenue	Total
	\$	\$	\$	\$	\$	\$	\$
2019							
Revenue from contracts with customers	329,931	-	5,218,936	51,662	1,181,630	72,446	6,854,605
Other revenue (not covered by AASB15)	-	295,158	17,180	-	-	-	312,338
	329,931	295,158	5,236,116	51,662	1,181,630	72,446	7,166,943

Timing of revenue recognition

At a point in time	329,931	-	5,236,116	-	1,181,630	46,360	6,794,037
Over time	-	295,158	-	51,662	-	26,086	372,906
	329,931	295,158	5,236,116	51,662	1,181,630	72,446	7,166,943

(b) Accounting policies and significant judgements

The Company recognises revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the Company is or expects to be entitled in exchange for those goods or services.

The Company considers whether there are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. loyalty points program). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Provision of services - raffle and bingo revenue

Raffle and bingo income is recognised at a point in time when the customer takes possession of the ticket and the raffle or bingo game has been conducted as at this point the performance obligations have been satisfied.

(ii) Provision of services - rental income

Rental income is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. The company recognises rental revenue on a straight line basis with reference to the applicable CPI increases, discount rates and any relevant rental incentives.

(iii) Provision of services - gaming revenue

Revenue from rendering services from gaming facilities to members and other patrons of the club is recognised when the services are provided. Gaming revenue is measured at the fair value of the consideration received from the net position of the wagers placed less customer winnings paid out.

Notes to the financial statements

For the year ended 30 June 2020

2 Revenue (continued)

(b) Accounting policies and significant judgements (continued)

(iv) *Provision of services - membership revenue*

Membership subscriptions are recognised over the term of membership and any unearned portion is deferred and included in contract liabilities. Membership revenue is measured with reference to the fee received and the period of membership that the member has paid for.

(v) *Sale of goods - beverage revenue*

Revenue from the sale of food and beverages is recognised at a point in time when the physical control of the goods passes to the customer.

(vi) *Other revenue*

The balance of other revenue is recognised at a point in time when the performance obligation has been satisfied.

3 Other income and expense items

	2020	2019
	\$	\$
(a) Other income		
Insurance recovery	1,748	-
Rental income - investment property	84,592	97,209
Interest income	1,770	1,792
Government stimulus payments - jobkeeper	209,250	-
Government stimulus payments - cashflow boost	62,500	-
Gain on disposal of fixed assets	-	16,000
	359,860	115,001

(i) *Insurance recovery*

The Company recognises income from insurance claims when an insured event has occurred and the realisation of the insurance recovery is virtually certain.

(ii) *Rental income - investment property*

Rental income is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. The Company recognises rental revenue on a straight line basis with reference to the applicable CPI increases, discount rates and any relevant rental incentives.

(iii) *Interest income*

Interest income is recognised on an accruals basis.

(iv) *Other income*

The Company recognises stimulus funding from the Australian Taxation Office when this is received as there is no specific performance obligation in relation to this funding. The Company recognises income from JobKeeper stimulus payments when these accrue. The Company is eligible for payment when eligible employees have been paid.

(v) *Gain on disposal of fixed assets*

The Company recognised gains and losses on disposal of property, plant and equipment by comparing proceeds received on sale with the carrying amount of the asset being sold.

(b) Other expenses

Employee benefits expense	1,427,036	1,590,704
Loss on disposal of property, plant and equipment	91,391	14,067
Interest costs	276,480	326,206

Notes to the financial statements

For the year ended 30 June 2020

4 Income tax expense

2020	2019
\$	\$

(a) Numerical reconciliation of income tax expense to prima facie tax payable

The Income Tax Assessment Act 1936 (amended) provides that under the concept of mutuality, a Company is only liable for income tax on income derived from non-members and from outside entities. The amount set aside for income tax in the statement of profit or loss and other comprehensive income has been provided on a taxable income calculated as follows:

Operating profit/(loss) before income tax	(632,262)	(340,698)
Tax at the Australian tax rate at 27.5% (2019: 27.5%)	(173,872)	(93,692)
Non deductible expenses	14,594	14,555
Non assessable income	(17,188)	-
Apportionment adjustment members income and expenses	152,398	78,630
Timing Differences	(10,059)	(11,039)
Carried forward losses not recognised / (recouped)	34,127	11,546
Income tax expense	<u>-</u>	<u>-</u>

(b) The Directors estimate that the potential deferred tax asset as at 30 June 2020 not brought to account is as follows:

Tax losses at 27.5%	<u>234,610</u>	<u>200,484</u>
	234,610	200,484

Accounting policy

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 balance sheet 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.

5 Cash and cash equivalents**Current**

Cash and cash equivalents	<u>629,705</u>	<u>616,361</u>
	629,705	616,361

Accounting policy

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

6 Trade receivables**Current**

Trade receivables	<u>12,252</u>	<u>-</u>
	12,252	-

Accounting policy

Trade receivables are recognised initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost. Trade receivables are generally due within 30 days from the date of recognition.

Notes to the financial statements

For the year ended 30 June 2020

7 Inventories

	2020	2019
	\$	\$
Current		
Stock on hand	30,835	42,083
	<u>30,835</u>	<u>42,083</u>

Accounting policy

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

8 Financial assets at amortised cost

Current		
Other receivables	95,750	-
	<u>95,750</u>	<u>-</u>

Accounting policy

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

9 Other assets

Current		
Prepayments	139,319	180,222
	<u>139,319</u>	<u>180,222</u>

Accounting policy

This includes prepayments made in advance for goods and services which are to be received in a future period.

10 Assets held for sale

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 42 residential units for \$2,020,000.

The following assets have been identified as part of the proposed sale:

Investment Properties	2,020,000	2,020,000
Total assets held for sale	<u>2,020,000</u>	<u>2,020,000</u>

Accounting policy

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.

Notes to the financial statements

For the year ended 30 June 2020

11 Property, plant and equipment

	Capital work in progress	Land	Buildings and Improvement	Poker machines	Plant and equipment	Total
	\$	\$	\$	\$	\$	\$
Non-current assets						
At 1 July 2019						
Cost	19,519	1,050,000	18,588,529	4,364,551	2,339,453	26,362,052
Accumulated depreciation	-	-	6,952,373	3,118,956	803,180	10,874,509
Net book amount	19,519	1,050,000	11,636,156	1,245,595	1,536,273	15,487,543
Year ended 30 June 2020						
Opening net book amount	19,519	1,050,000	11,636,156	1,245,595	1,536,273	15,487,543
Additions	-	-	22,940	249,936	102,090	374,966
Disposals	-	-	4,944	72,408	14,039	91,391
Depreciation charge	-	-	448,605	311,114	212,974	972,693
Closing net book amount	19,519	1,050,000	11,205,547	1,112,009	1,411,350	14,798,425
Year ended 30 June 2020						
Cost	19,519	1,050,000	18,584,836	3,185,345	2,351,000	25,190,700
Accumulated depreciation	-	-	7,379,289	2,073,336	939,650	10,392,275
Net book amount	19,519	1,050,000	11,205,547	1,112,009	1,411,350	14,798,425

Accounting policy**(a) Land, buildings and improvement**

Land, buildings and improvement are carried at cost less any accumulated depreciation and any impairment in value.

(b) Plant and equipment, poker machines

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

(c) Depreciation

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

Buildings and improvement	10 - 50 years
Plant and Equipment	4 - 10 years
Poker Machines	2.5 - 7 years

(d) Impairment

The carrying values of property, 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 comprehensive income as a separate line item.

Notes to the financial statements

For the year ended 30 June 2020

12 Intangible assets

	Poker machine entitlements \$	Total \$
Non-current assets		
As at 30 June 2019		
Cost	125,000	125,000
Net book amount	125,000	125,000
As at 30 June 2020		
Cost	125,000	125,000
Net book amount	125,000	125,000

Accounting policy

Poker machine entitlements are intangible assets acquired separately and are capitalised at cost, the useful lives of these intangible assets are assessed to be indefinite. These are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired.

The value shown for the poker machine entitlements, being their cost plus transaction costs, were tested for impairment having regard to the market value of such entitlements and the cash flow generated from holding these assets, with no impairment loss adjustment required.

13 Leases

	2020 \$	2019 \$
The Company leases several assets including the photocopier, POS system and multiscreen system.		

a) Right-of-use asset**Non-current**

Right-of-use assets	120,937	-
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Reconciliation of right-of-use assets**2020**

	Photocopier \$	Multiscreen system \$	POS system \$	Total \$	Total \$
At 1 July 2019	28,026	-	-	28,026	-
Additions	-	26,190	88,930	115,120	-
Depreciation	9,342	5,456	7,411	22,209	-
30 June 2020	18,684	20,734	81,519	120,937	-

b) Lease liabilities**Current**

Lease liabilities	9,338	6,298	21,251	36,887	-
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Non-current

Lease liabilities	9,699	16,831	60,773	87,303	-
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Total

	19,037	23,129	82,024	124,190	-
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Reconciliation of lease liabilities**2020**

	Photocopier \$	Multiscreen system \$	POS system \$	Total \$	Total \$
At 1 July 2019	28,026	-	-	28,026	-
Additions	-	26,190	88,930	115,120	-
Interest expense	911	473	1,094	2,478	-
Lease payments	9,900	3,534	8,000	21,434	-
Net movement during year	19,037	23,129	82,024	124,190	-
30 June 2020					

Notes to the financial statements

For the year ended 30 June 2020

13 Leases (continued)

Accounting policy

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- an estimate of costs to be incurred in dismantling and removing the underlying asset;
- any initial direct costs incurred;

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The weighted average incremental borrowing rate is 3.8%

The lease payment used in the calculation of the lease liabilities includes variable payments when they relate to an index or rate. Where leases contain variable lease payments based on an index or rate at a future point in time, the Company has only included the known CPI increases to date and not estimated future CPI-related increases.

The Company does not recognise leases that have a lease term of 12 months or less or are of low value as a right of use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Reconciliation of lease liabilities at 30 June 2019	POS		Total
	System	Photocopier	
	\$	\$	\$
Operating lease commitments as at 30 June 2019	20,100	-	20,100
Relief for short term leases	(20,100)		(20,100)
Operating leases now within scope		29,700	29,700
Gross lease liabilities as at 31 December 2019	-	29,700	29,700
Discounting		(1,674)	(1,674)
Lease liabilities as a result of the initial application of AASB 16 as at 30 June 2019	-	28,026	28,026

Lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

As lessor for operating leases, the Company recognises lease payments as income. The underlying asset is depreciated on a straight line basis over its expected useful life.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the financial statements

For the year ended 30 June 2020

14 Trade and other payables

	2020	2019
	\$	\$
Current		
Trade payables	545,824	363,937
GST payable	3,224	106,880
	549,048	470,817

Accounting policy

Trade and other payables, including accruals, are recorded initially at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing. Trade accounts payable are normally settled within 30 days.

15 Financial liabilities

Current

Secured

Bank loans (i)	6,025,000	6,025,000
Other loans (ii)	432,089	471,216
Total secured financial liabilities	6,457,089	6,496,216

Non-current

Secured

Other loans (ii)	368,063	417,248
Total secured financial liabilities	368,063	417,248

(i) Secured liabilities

The bank loans and undrawn facilities are 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

(ii) Other secured liabilities

The other loans are secured by a fixed charge over the specific assets that are financed.

(iii) Other secured liabilities

The total of the bank loan facility is \$7,273,000. At 30 June 2020 the Company has undrawn finance facilities of \$1,119,650, with \$1,000,000 relating to an asset finance facility and \$119,650 being the interest on the facility capitalised during the Covid-19 period.

(iv) Default of covenant

The bank loan contains a number of covenants under the terms of the agreement with the bank. During the year the Company was unable to meet one of the requirements of the agreement, being an interest cover ratio of 3:1 following the forced closure of the Company in March 2020 due to COVID-19. This default has been disclosed to the Bank, and the Bank has formally advised the Company that no action will be taken.

Accounting policy

Financial liabilities are initially recognised at fair value, net of transaction costs incurred. Borrowing costs 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.

Financial liabilities 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.

Notes to the financial statements

For the year ended 30 June 2020

16 Provisions

	2020	2019
	\$	\$
Current		
Employee entitlements (i) & (ii)	350,642	305,852
Other	35,792	29,698
	<u>386,434</u>	<u>335,550</u>
Non-current		
Employee entitlements (ii)	30,909	47,278
	<u>30,909</u>	<u>47,278</u>

Accounting policy**(i) Annual leave**

Liabilities for annual leave expected to be settled within 12 months of the reporting date, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Any annual leave expected to be settled beyond 12 months of the reporting date is measured at the present value of expected future payments.

(ii) Long service leave

The liabilities for long service 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.

17 Other liabilities**Current**

Contract liabilities - membership income	25,443	28,360
Contract liabilities - deposits held	62,900	62,900
Other liabilities	2,265	18,994
	<u>90,608</u>	<u>110,254</u>

Non-current

Contract Liabilities - membership income	22,704	18,406
	<u>22,704</u>	<u>18,406</u>

Accounting policy

Revenues received in advance are recorded as a contract liability if they are in relation to contracts with customers under AASB 15 and recognised as revenue when they are earned in future periods. Other revenue received in advance that is not covered by AASB 15 is recorded as other liabilities and is recognised as revenue when they are earned in future periods.

18 Commitments**(i) Capital Commitments**

Poker Machines	-	191,296
Air Conditioner System	-	32,430
	<u>-</u>	<u>223,726</u>

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.

Notes to the financial statements

For the year ended 30 June 2020

19 Contingent liabilities

	2020	2019
	\$	\$
Bank guarantee substituting for a security deposit for TAB facilities	5,000	5,000

Mortality Fund

The Company conducts a mortality fund whereby each eligible member is entitled to have \$150 paid by the Company to his/her estate upon his/her death. No liability for this has been recognised in the financial statements, however at 30 June 2020 the Company's contingent commitment was \$16,500 (110 members) (2019: 125 members \$18,750). Payments to members are taken up as an expense in the year in which the payments are made.

20 Related parties

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

(a) *Key management personnel compensation*

Total key management personnel benefits	370,738	362,202
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(b) *Transactions with other related parties*

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

21 Critical accounting estimates and judgements

Management is required to make judgements, estimates and assumptions about reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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 and future periods if the revision affects both current and future periods.

Judgements made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next period are disclosed where applicable, in the relevant notes to the financial statements:

- Estimation of useful lives of non-current assets (notes 11, 12 and 13) - The useful life of property, plant and equipment and right-of-use assets (where useful life is greater than the lease term) 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.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 22 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and
- (b) 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 Directors.

Rex Jones - President

Damien Horan - Senior Vice President

Mayfield, NSW
1 September 2020

Independent auditor's report 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 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

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.

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 Company for the year ended 30 June 2020 included on the Company's web site. The Company's Directors are responsible for the integrity of the Company'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.

Kirsty Porteous

Kirsty Porteous - Partner

DFK Crosbie Partners

DFK Crosbie Partners
Chartered Accountants

1 September 2020
Newcastle West, NSW

Newcastle | Sydney

Liability limited by a scheme approved under the Professional Standards legislation.

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