



MAYFIELD EX-SERVICES CLUB LTD
TRADING AS MEX CLUB

HANBURY 58

FOOD COLLECTIVE



FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

ABN 82 000 995 602
(A COMPANY LIMITED BY A GUARANTEE NOT HAVING SHARE CAPITAL)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given of the Annual General Meeting of MAYFIELD EX SERVICES CLUB LIMITED to be held on Monday, 10th October 2022 commencing at the hour of 4:00pm 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 2022, the Club's property at:

- (a) 58 Hanbury Street Mayfield NSW is core property of the Club

1ST 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.

2ND 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.



PRESIDENT'S REPORT

What a whirlwind few years it has been. The COVID-19 Pandemic changed the face of business worldwide and threw us headlong into turmoil and new challenges the likes of which we have not seen before.

The mandatory lockdowns and the subsequent departure of the Star Buffet changed the landscape of where we were heading as a club and forced us to make some tough decisions about the club and it's future direction.

When Star Buffet announced their intention to withdraw from the venue in December of 2020, the board and management immediately started working on plans to reinvigorate the space. Our intention was to once again make the club a destination.

With designs in place, a builder chosen and construction about to start, we were hit with another outbreak and another lockdown in August of 2021. The project was reluctantly put on hold.

Along with most other businesses, the club was hit hard financially by lockdowns – the expenses did not go away - but income did. The assistance of the Government was critical in enabling us to keep our amazing staff through this period.

The club sadly lost it's much loved president Rex Jones in October of 2021. Once again we offer our condolences to Rex's loving family. Rex with the help of Greg Luck and the management team brought the club through hard times and always had the club, it's members and staff at the front of his mind.

I would also like to extend my condolences to any of our members who may have lost a loved one this past year.

December of 2021 saw the arrival of Omicron – and although there was no lockdown people stopped going out. Things were quiet through December and the new year did not show much respite.

In the first part of the new year despite all the uncertainty of the trading climate we decided that if we sat back and did nothing the club may not recover from these harsh few years. Construction commenced on the new area in April 2022.

Through careful planning, recycling of existing furniture and fittings, and despite the soaring costs of materials and labour throughout the pandemic we were able to keep the entire project under one million dollars.

Fast forward to now – our exciting new precinct Hanbury 58 has recently opened. The food is by all reports outstanding. The cocktail bar is already proving to be a huge hit. The arcade games bring another dimension to the sports bar.

The unit development on the block next door is about to commence, and I feel I can now say with confidence that the future of our great club looks bright once again.

It is a credit to our board and to our management team that we have withstood the challenges of the last few years, and not only kept the doors open but given the club a platform to be very successful moving forward.

To my fellow board members – thank you for your support and for having the courage to make the tough decisions to take calculated risks in the face of these challenges.

To our staff – we thank you so much for your commitment, flexibility and perseverance over the period. Although a 5.2% pay rise in October was scheduled – the board has voted and approved a 6.1% pay rise effective immediately. We appreciate you.

To our members – we thank you for your loyalty through the past few years. We hope we've created an amazing space for you to eat, celebrate with friends, and make great memories.

I hope to see you here soon!



Damien Horan
Club President

GENERAL MANAGER'S REPORT

In my thirty years of managing pubs and clubs the last two years have been the toughest and most demanding. The hospitality industry was hit very hard with restrictions and lock downs, covid-created staff shortages and people becoming reluctant to leave home.

The lockdown in August hit us hard - we were down over \$1 million dollars in revenue for that period. Once the lockdown finished (66 days), we started to bounce back - then in the middle of December the Omicron outbreak came along and people were again staying home.

This lasted until the end of February, but it wasn't until April that we felt comfortable in starting our promotions again. As Damian's report shows - when Star Buffet closed, we had no major food outlet for over 2 years. The buffet held over 30% of our floor space and was very popular generating over 4,000 customers a week.

At the end of the financial year the club showed a loss of \$431,747.00. We showed an EBITDA figure of \$709,457.00 or 16.82%. Of course any loss is not good, but given the exceptional circumstances the EBITDA is acceptable.

Below is a comparison of our major trading accounts.

	2022	2021
Gaming	\$2,925,901.00	\$4,175,432.00
Bar	\$452,456.00	\$658,091.00

As you can see the club traded down on last year and with no main food outlet for the whole year it could have been a lot worse. Both years' figures are affected by Covid and are down around \$1.5 million dollars in income on previous years.

Moving forward the club is now trading back trading pre-Covid figures - with the opening of Hanbury 58 there has been an immediate and noticeable boost in patrons attending the club.

The management team running Hanbury 58 bring with them years of experience in the food industry owning Honeysuckle Social and the Blue Door café.

The first two months of this financial year have shown a good profit and we are slowly getting back on track. With the club once again showing a profit and the units next door under construction, it is my opinion with my career drawing to a close that the club will be left in a strong position for my successors.

The board has made the decision that Greg Rickford and Karron Dean will take the reins when I retire with Greg being the GM. Greg has a wide range of business experience including marketing roles with the Cronulla Sharks and the Everton Football club. Karron has worked in management for over 20 years.

Our main aim now until the end of 2023 is to consolidate our position and get our loan down to an acceptable amount so that we can keep hold of all 8 units that the club owns of the residences being built next door.

Management and the board have worked a deal out with MAVID construction so any member that purchase a unit or town house next door will receive \$40,000.00 of their deposit paid for them. Details of this offer and the residences being built can be found in the foyer.

To my amazing staff that have put up with a lot of disruptions over the last few years - thank you for your unwavering support.

To Damian and the board, it has been another tough year but we have got through and come out the other side.

To all our wonderful members - thanks for sticking with us and showing your support.

Meet me at the Mex!



Greg Luck
General Manager



**Mayfield Ex Services
Club Limited**

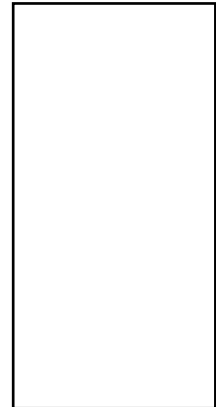
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**Annual Financial Report
for the year ended 30 June 2022**

Annual financial report for the year ended 30 June 2022

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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 30 August 2022. 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 2022.

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 Damien Horan

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 Darryl Kerr

Senior Vice President
Director since 2022

Business Manager Military Jet - Airflite Pty Ltd solely responsible for all general, personnel, production, quality and technical management.

Mr Lyle Chapman

Director
Director since 1999

Worked as a carpenter and joiner.

Mr Richard Clarke

Director
Director since 2018

Worked in hospitality.

Mr Brett Hyham

Director
Director since 2019

Worked as a hospitality trainer.

Mr Wes Ting

Junior Vice President
Director since 2002

Previously worked as a switchboard operator.

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 Terence Ting

Director
Director since 2018

Worked as a salesman.

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 held during the year and the number of meetings attended by each director is as follows:

Board members	Board meetings	
	A	B
Mr Wes Ting	10	7
Mr Damien Horan	10	6
Mr Lyle Chapman	10	10
Mr Mervyn Nichols	10	10
Mr Robert Simpson	10	10
Mr Richard Clarke	10	10
Mr Terence Ting	10	10
Mr Brett Hyham	10	10
Mr Darryl Kerr (appointed 7 February 2022)	4	2
Mr Rex Jones (passed away October 2021)	1	1

Where:

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

Director's report

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 30 June 2022, 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

- Nil

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.

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

The Club was closed for the period 5 August 2021 to 11 October 2021 as a result of the Covid-19 pandemic, and was subject to trading restrictions upon re-opening and for much of the year. This, together with the Club operating without a restaurant has impacted patronage and revenue for the period. Revenue decreased by 28% for the year. This was partially offset by a decrease in expenses of 11.6%, however was a key driver of the loss for the year. This result is after depreciation and a positive EBITDA of \$555,030 was achieved despite of the trading challenges.

	2022	2021	Change
	\$	\$	
Revenue from bar, paper gaming and poker machine operations	3,428,060	4,904,355	(1,476,295)
Other revenue excluding fair value increase	789,146	959,265	(170,119)
Total trading revenue	4,217,206	5,863,620	(1,646,414)
Expenses excluding interest, depreciation and amortisation	(3,509,924)	(4,090,572)	580,648
EBITDA	707,282	1,773,048	(1,065,766)
Depreciation, amortisation, profit and loss on disposal	(947,443)	(940,500)	(6,943)
Interest income and expenses and finance costs	(191,586)	(228,395)	36,809
Net profit / (loss) for the year	(431,747)	604,153	(1,035,900)
Operating cashflow	555,031	1,382,579	(827,548)

The Company has returned a strong EBITDA result. The forced Club closure at the beginning of the financial year and trading restrictions as a result of COVID-19, reflect the decrease in reported net profit due to decreased poker machine revenue and government stimulus payments when compared to the prior year. After consideration of depreciation and interest costs, the net result shows a loss for the year of \$431,747.

Director's report

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. The total amount that members of the Company are liable to contribute if the Company wound up is \$9,014 (2021: \$11,998).

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.



Damien Horan - President



Darryl Kerr - Director

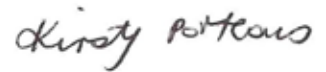
Dated: 30 August 2022
Mayfield, NSW

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 2022, 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 - Partner



Pitcher Partners NH Partnership
Chartered Accountants

Dated: 30 August 2022
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Revenue from continuing operations	2	4,088,439	5,564,793
Other income	3	128,767	298,827
Bar cost of goods sold		(187,566)	(280,920)
Bar direct expenses		(202,308)	(199,600)
Gaming direct expenses		(860,953)	(1,089,729)
Paper gaming expenses		(65,615)	(69,497)
Rental expenses		(3,391)	(28,352)
Member amenities		(601,701)	(520,482)
Clubhouse expenses		(421,578)	(480,076)
Administration expenses		(2,112,078)	(2,362,416)
Borrowing expenses		(193,763)	(228,395)
		(4,648,953)	(5,259,467)
Profit / (loss) before income tax		(431,747)	604,153
Income tax expense	4	-	-
Profit / (loss) for the year		(431,747)	604,153
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		(431,747)	604,153

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 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	2,352,571	3,033,592
Trade receivables	6	28,540	7,746
Inventories	7	37,926	35,107
Other assets	8	124,090	138,874
Total current assets		2,543,127	3,215,319
Non-current assets			
Property, plant and equipment	9	14,449,725	14,086,557
Intangible assets	10	125,000	125,000
Lease assets	11	46,884	84,170
Total non-current assets		14,621,609	14,295,727
Total assets		17,164,736	17,511,046
LIABILITIES			
Current liabilities			
Trade and other payables	12	622,246	320,340
Financial liabilities	13	5,651,556	762,840
Provisions	14	393,298	356,567
Other liabilities	15	143,726	104,725
Lease liabilities	11	29,805	38,395
Total current liabilities		6,840,631	1,582,867
Non-current liabilities			
Financial liabilities	13	174,959	5,294,524
Provisions	14	6,944	24,256
Other liabilities	15	9,667	15,309
Lease liabilities	11	16,951	46,759
Total non-current liabilities		208,521	5,380,848
Total liabilities		7,049,152	6,963,715
Net assets		10,115,584	10,547,331
MEMBERS FUNDS			
Retained profits		10,115,584	10,547,331
Total members funds		10,115,584	10,547,331

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 2022

	Retained profits \$	Total \$
Balance at 1 July 2020	9,943,178	9,943,178
Profit / (loss) for the year	604,153	604,153
Total comprehensive income for the year	604,153	604,153
Balance at 30 June 2021	10,547,331	10,547,331
Profit / (loss) for the year	(431,747)	(431,747)
Total comprehensive income for the year	(431,747)	(431,747)
Balance at 30 June 2022	10,115,584	10,115,584

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 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from members and customers		4,512,581	6,179,105
Payments to suppliers and employees		(3,892,554)	(4,904,632)
Interest received		2,177	1
Interest paid		(193,763)	(228,395)
Government stimulus received		126,590	336,500
Net cash inflow (outflow) from operating activities		555,031	1,382,579
Cash flows from investing activities			
Payments for property, plant and equipment		(966,805)	(191,868)
Proceeds for assets held for sale		-	2,020,000
Net cash inflow (outflow) from investing activities		(966,805)	1,828,132
Cash flows from financing activities			
Proceeds from borrowings		300,000	-
Proceeds from other loans		311,458	138,824
Repayment of borrowings		(420,000)	(505,000)
Repayment of other loans		(422,307)	(401,612)
Repayment of lease liabilities		(38,398)	(39,036)
Net cash inflow (outflow) from financing activities		(269,247)	(806,824)
Net increase in cash and cash equivalents		(681,021)	2,403,887
Cash and cash equivalents at the beginning of the financial year		3,033,592	629,705
Cash and cash equivalents at the end of the financial year	5	2,352,571	3,033,592

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 2022

1 Summary of significant accounting policies

(a) Information about the entity

- Mayfield Ex Services Club Limited is a company limited by guarantee, incorporated and domiciled in Australia.
- Mayfield Ex Services Club Limited is a not for profit entity for the purpose of preparing the financial report.
- The registered office of the Company is 50-58 Hanbury Street, Mayfield, NSW 2304.
- The principal place of business of the Company is 50-58 Hanbury Street, Mayfield, NSW 2304.

(b) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The prior year financial report was prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. The transition from the previous financial reporting framework to Australian Accounting Standards – Simplified Disclosures has not affected the Company's reported financial position, financial performance and cash flows.

(c) Statement of compliance

This financial report complies with AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities 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.

(d) Working capital deficiency

As at 30 June 2022, Mayfield Ex Services Club Limited has a current assets of \$2,543,127 compared to current liabilities of \$6,840,631 resulting in a working capital deficiency of \$4,297,504.

The working capital deficiency is caused by:

- (a) The entire balance of the ANZ Loan of \$5,400,000 is stated as a current liability due to the loan facility expiring on 1 March 2023. Principal repayments of \$35,000 per month commenced from March 2021 and the Directors expect to be able to refinance the debt on acceptable terms when these facilities expire.

The Directors believe the above working capital deficiency will be satisfied through:

- (a) The Company generated positive net operating cashflows of \$555,031 during the current year;
- (b) The Company has a cash balance at 30 June 2022 of \$2,352,571;
- (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;
- (d) The Club met all covenants in relation to the loan facility agreement for the current and prior year;
- (e) The Directors expect cashflows going forward to continue to be positive, with improvements expected when the new restaurant facilities open;
- (f) The Club expects to continue to receive support from its suppliers and members.

The Directors are of the opinion the above will be achieved and the Company will continue as a going concern and meet its debts and commitments as they fall due. As a result, the Directors have prepared the financial report on a going concern basis.

(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 2022

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
2022	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers AASB15)	360,457	-	2,958,334	19,461	452,546	21,039	3,811,837
	-	259,422	17,180	-	-	-	276,602
	360,457	259,422	2,975,514	19,461	452,546	21,039	4,088,439

Timing of revenue recognition

At a point in time	360,457	-	2,958,334	-	452,546	21,039	3,792,376
Over time	-	259,422	17,180	19,461	-	-	296,063
	360,457	259,422	2,975,514	19,461	452,546	21,039	4,088,439

	Raffle and bingo revenue	Rental revenue	Gaming revenue	Membership revenue	Beverage revenue	Other revenue	Total
2021	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers AASB15)	290,945	-	4,229,084	33,339	658,091	50,084	5,261,543
	-	286,070	17,180	-	-	-	303,250
	290,945	286,070	4,246,264	33,339	658,091	50,084	5,564,793

Timing of revenue recognition

At a point in time	290,945	-	4,229,084	-	658,091	47,819	5,225,939
Over time	-	286,070	17,180	33,339	-	2,265	338,854
	290,945	286,070	4,246,264	33,339	658,091	50,084	5,564,793

(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 revenue

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 2022

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

	2022	2021
	\$	\$
(a) Other income		
Rental income - investment property	-	58,076
Interest income	2,177	1
Government stimulus payments - Jobkeeper	-	203,250
Government stimulus payments - Jobsaver	126,590	-
Government stimulus payments - cashflow boost	-	37,500
	<u>128,767</u>	<u>298,827</u>

(i) *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.

(ii) *Interest income*

Interest income is recognised on an accruals basis.

(iii) *Government stimulus payments*

The Company recognises stimulus funding from the relevant government department when it is considered to be receivable.

(b) Other expenses

Employee benefits expense	1,150,785	1,334,528
Loss on disposal of property, plant and equipment	7,255	10,157
Depreciation expense	940,188	930,343
Interest costs	193,763	228,395

Notes to the financial statements

For the year ended 30 June 2022

4 Income tax expense

	2022	2021
	\$	\$

(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	(431,747)	604,153
Tax at the Australian tax rate at 25% (2021: 26%)	(107,937)	157,080
Add/(Less) tax effect of:		
Non deductible expenses	13,231	13,761
Non assessable income	(31,648)	(9,750)
Apportionment adjustment members income and expenses	106,125	(94,673)
Timing differences	3,323	117,968
Deferred tax asset for tax losses not brought to account	16,905	-
Carried forward losses not recognised / (recouped)	-	(184,386)
Income tax expense	-	-

(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 25% (2021: 25%)	52,893	35,988
	52,893	35,988

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	2,352,571	3,033,592
	2,352,571	3,033,592

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.

Notes to the financial statements

For the year ended 30 June 2022

6 Trade receivables**Current**

Trade receivables	28,540	7,746
	<u>28,540</u>	<u>7,746</u>

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.

7 Inventories**Current**

Stock on hand	37,926	35,107
	<u>37,926</u>	<u>35,107</u>

Accounting policy

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

8 Other assets**Current**

Prepayments	124,090	138,874
	<u>124,090</u>	<u>138,874</u>

Accounting policy

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

9 Property, plant and equipment

	Capital work in progress	Land	Buildings and improvement	Poker machines	Plant and equipment	Total
	\$	\$	\$	\$	\$	\$
Non-current assets						
At 1 July 2021						
Cost	33,449	1,050,000	18,584,836	3,176,936	2,388,345	25,233,566
Accumulated depreciation	-	-	7,811,240	2,189,892	1,145,878	11,147,010
Net book amount	<u>33,449</u>	<u>1,050,000</u>	<u>10,773,596</u>	<u>987,044</u>	<u>1,242,467</u>	<u>14,086,557</u>
Year ended 30 June 2022						
Opening net book amount	33,449	1,050,000	10,773,596	987,044	1,242,467	14,086,556
Additions	975,510	-	4,395	165,300	128,121	1,273,326
Disposals	-	-	-	(6,680)	(575)	(7,255)
Depreciation charge	-	-	(432,160)	(259,929)	(210,813)	(902,902)
Closing net book amount	<u>1,008,959</u>	<u>1,050,000</u>	<u>10,345,831</u>	<u>885,735</u>	<u>1,159,200</u>	<u>14,449,725</u>
Year ended 30 June 2022						
Cost	1,008,959	1,050,000	18,589,231	3,180,836	2,471,456	26,300,482
Accumulated depreciation	-	-	8,243,400	2,295,101	1,312,256	11,850,757
Net book amount	<u>1,008,959</u>	<u>1,050,000</u>	<u>10,345,831</u>	<u>885,735</u>	<u>1,159,200</u>	<u>14,449,725</u>

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

Notes to the financial statements

For the year ended 30 June 2022

9 Property, plant and equipment (continued)

(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.

10 Intangible assets

	Poker machine entitlements	2022	2021
	\$	\$	\$
Non-current assets			
As at 30 June 2022			
Cost	125,000	125,000	125,000
Net book amount	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Reconciliation			
Opening net book amount	125,000	125,000	125,000
Closing net book amount	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>

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.

Notes to the financial statements

For the year ended 30 June 2022

11 Lease assets and lease liabilities

2022	2021
\$	\$

The Company leases several assets including the photocopier, POS system and multiscreen system.

a) Lease assets**Non-current**

Carrying amount of lease assets, by class of underlying asset:

Photocopier	757	9,847	
Multiscreen system	8,014	14,431	
POS system	38,113	59,892	
	46,884	84,170	

Reconciliation

	Photocopier	Multiscreen system	POS system	Total	Total
	\$	\$	\$	\$	\$
Carrying amount at the beginning of the year	9,847	14,431	59,892	84,170	120,937
Additions	-	-	-	-	-
Depreciation	(9,090)	(6,417)	(21,779)	(37,286)	(36,767)
Carrying amount at the end of the year	757	8,014	38,113	46,884	84,170

b) Lease liabilities**Current**

Lease liabilities	-	6,880	22,925	29,805	38,395
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Non-current

Lease liabilities	-	1,173	15,778	16,951	46,759
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Total	-	8,053	38,703	46,756	85,154
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Reconciliation of lease liabilities

	Photocopier	Multiscreen system	POS system	Total	Total
	\$	\$	\$	\$	\$
Carrying amount at the beginning of the year	9,699	14,680	60,775	85,154	124,190
Additions	-	-	-	-	-
Interest expense	201	441	1,928	2,570	4,003
Lease payments	9,900	7,068	24,000	40,968	43,039
Carrying amount at the end of the year	-	8,053	38,703	46,756	85,154

Maturity analysis of future lease payments

	Photocopier	Multiscreen system	POS system	Total	Total
Not later than 1 year	-	7,068	24,000	31,068	40,968
Later than 1 year and not later than 5 years	-	1,178	16,000	17,178	48,246
Later than 5 years	-	-	-	-	-
Lease payments	-	8,246	40,000	48,246	89,214

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%

Notes to the financial statements

For the year ended 30 June 2022

11 Leases (continued)

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.

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.

12 Trade and other payables

	2022	2021
	\$	\$
Current		
Trade payables	603,385	214,725
GST payable	18,861	105,615
	<u>622,246</u>	<u>320,340</u>

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.

13 Financial liabilities

	2022	2021
	\$	\$
Current		
<i>Secured</i>		
Bank loans (i) - expected to be repaid within one year	420,000	420,000
- expected to be repaid after one year	4,980,000	
Other loans (ii)	251,556	342,840
Total secured financial liabilities	<u>5,651,556</u>	<u>762,840</u>
Non-current		
<i>Secured</i>		
Bank loans (i)	-	5,100,000
Other loans (ii)	174,959	194,524
Total secured financial liabilities	<u>174,959</u>	<u>5,294,524</u>

(i) Secured liabilities

The bank loans and undrawn facilities are secured by the following:

- First Registered Mortgage over 50-58 Hanbury Street, Mayfield, NSW
- General security agreement over all present and after acquired property
- Specific security agreement over term deposit of \$2,020,000

The total of the bank loan facility is \$5,820,000. At 30 June 2022 the Company has undrawn finance facilities of \$962,188, with \$862,188 relating to an asset finance facility and \$100,000 relating to the business card facility.

(ii) Other secured liabilities

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

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 non-current liabilities if the Company has right at the end of the reporting period 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 2022

14 Provisions**Current**

Employee entitlements (i) & (ii)	349,640	319,871
Other provisions	43,658	36,696
	<u>393,298</u>	<u>356,567</u>

Non-current

Employee entitlements (ii)	6,944	24,256
	<u>6,944</u>	<u>24,256</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.

15 Other liabilities

	2022	2021
	\$	\$
Current		
Contract liabilities - membership revenue	12,644	16,687
Contract liabilities - rent revenue	-	25,138
Contract liabilities - deposits held	62,900	62,900
Contract liabilities - commission revenue	68,182	-
	<u>143,726</u>	<u>104,725</u>
Non-current		
Contract liabilities - membership revenue	9,667	15,309
	<u>9,667</u>	<u>15,309</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.

16 Commitments**(i) Capital Commitments**

Poker machines	51,746	123,000
Rental property	1,998,000	2,220,000
Restaurant renovation	84,875	-
	<u>2,134,621</u>	<u>2,343,000</u>

17 Contingent liabilities

Bank guarantee substituting for a security deposit for TAB facilities	<u>5,000</u>	<u>5,000</u>
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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 2022 the Company's contingent commitment was \$13,200 (88 members) (2021: 109 members \$16,350). Payments to members are taken up as an expense in the year in which the payments are made.

Notes to the financial statements

For the year ended 30 June 2022

18 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	223,856	284,799
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19 Remuneration of auditors

Auditor of the company

Audit of the financial statements	24,000	22,853
Other services - taxation compliance	4,400	4,200
Other services - consulting	10,070	13,120
	<u>38,470</u>	<u>40,173</u>

20 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 9, 10 and 11) - 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 21 are in accordance with the Corporations Act 2001, including:
 - (i) Complying with Accounting Standards - Simplified Disclosures, 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 2022 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.



Damien Horan - President



Darryl Kerr - Director

Dated: 30 August 2022
Mayfield, NSW

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 2022, 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 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures, 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 – Simplified Disclosures 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 2022 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.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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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 - Partner



Pitcher Partners NH Partnership
Chartered Accountants

30 August 2022
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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