

MAYFIELD EX-SERVICES CLUB LIMITED



**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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, 25th September 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 2023, the Club's property at:

- (a) 58 Hanbury Street Mayfield NSW is 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.
-



PRESIDENT'S MESSAGE

DAMIEN HORAN

Here we are twelve months on from my last report already! Things have certainly changed for the better in many ways since the uncertainty of the COVID pandemic, and whilst the way the world does business now has largely changed, Mex Club has survived, adapted and reinvented itself.

Since the opening of the Hanbury 58 Food Collective last September, bar trade has now doubled. We are seeing more young families frequent the club, something we had lost with the withdrawal of Star Buffet.

The new area has given the club a new character and people are embracing the restaurant – points of difference like the free photobooth and the cocktail machine have made quite an impact.

The arcade area and in particular the addition of a children's play area in February of this year really has made us a destination for families. Importantly, because of the size of our venue, we are able to keep our traditional core offerings the same.

Whilst there has been a lot of excitement around the new area and many new faces in the building, there have been additional challenges this year from a business standpoint.

As I mentioned last year, we were able to achieve this re-development largely through cash-flow. This made cash-flow tight - couple this with the dramatic rises in operating costs due to electricity, insurance, interest rates - the bar for breaking even and turning a profit for all businesses has been raised significantly. The club has been able to withstand all these challenges and make the necessary changes to ensure we not only remain viable but are well placed for future success.

You will see from the figures provided by Pitcher Partners that while things have been tight for the reasons just mentioned, there is genuine reason for optimism in the months and years ahead.

The construction of the unit complex next door (of which the club own 8 units), plus the long-term lease re-signing of Genesis Fitness will provide the club with a consistent revenue stream in the form of rental income.

I would like to thank my fellow board members for the courage and vision to make these things happen. Thank you for your efforts over the past twelve months, for your hard work, and for your friendship.

As many of you will know, Greg Luck will step back as CEO in October of this year with Greg Rickford taking the position. This has been a long-term transition and is expected to be a seamless changeover due to the extended period the two Greg's have been working side by side. Greg brings a wealth of experience from a wide range of business ventures you will read about in his report below.

Karron Dean will step into the role of Operations Manager. Karron is currently our Finance Manager and brings over 25 years of experience here at Mex to the role.

Greg Luck will stay on part time as a consultant until the construction project next door is finished, as part of his commitment to leaving his successors with the club in a sound financial position. I would like to take the opportunity to thank Greg Luck for his strong leadership, guidance and friendship over the past 16 years and would like to wish him well in his retirement.

To Greg Rickford and Karron Dean – congratulations on your new roles - the board and I have every confidence in your abilities and we look forward to the exciting next phase for Mex Club Mayfield.

To our staff – we thank you and we appreciate you. The board recently voted and approved a 5.75% pay rise – we appreciate your loyalty - you are the lifeblood and face of our business.

To those who lost loved ones this year – please accept our condolences on behalf of myself and the club.

To all our members – a big thank you for your support over the years – particularly during the rough times of lockdowns. The future looks bright and we're thrilled that you are a part of it.

Damien Horan
Club President



GENERAL MANAGER'S REPORT

GREG RICKFORD

What a twelve months it has been for Mex Club Mayfield. There are so many things that are different around the club – not least the fact that a different Greg is writing this report (more on that later!)– and while the sailing hasn't exactly been smooth over the past few years during “unprecedented times”, I'm happy to report that there is much to be excited about.

The completion of the Hanbury 58 area has breathed new life into the club, creating a new modern atmosphere with something for everyone – from the sports bar to the kids' playland. It is a credit to the vision of outgoing CEO Greg Luck, Club President Damien Horan, our Board of Directors and our staff that we were able to transform this area, filling such a big hole left by the Star Buffet.

Adding to the achievement is the fact that we were able to do this largely through cashflow.

The introduction of renowned restaurateur Damian O'Reilly and his team running Hanbury 58 Food Collective has been a blessing, with the Hanbury 58 dining experience and the whole redeveloped area from the kids' playland to the arcade to the cocktail bar enjoying enormous popularity. The benefit of having a destination restaurant again cannot be understated.

Speaking of development – MAVID are making strong progress in the development of the units next door to the club. As you are likely already aware, this is a joint venture with the club – Mex Club will own 8 of the new apartments in the complex - these are currently valued at over 4.6 million dollars. This strengthens our long-term financial position and will provide an ongoing revenue source from rental income. The units are expected to be completed mid-2024.

Through all the challenges of dramatic increases in electricity costs, insurance, interest rates and general economic uncertainty, trade has seen an increase from the last financial year. At June 30th of this year, gaming turnover was up 34% and bar sales were up by 105% on last year - a resounding endorsement of the effect our new restaurant has had on trade.

You will see from the enclosed financial reports that our Profit & Loss Statement shows a loss before tax but after depreciation of \$362,291. It's important to understand that this is due to factors such as funding the redevelopment of the restaurant, huge increases in interest rates and wages due to award increases and huge increases in electricity costs. We have managed to partially offset these costs with higher revenue, and moving forward we are confident with the addition of rental income from the completed units we will be in a stronger position to put the “unprecedented times” years behind us.

You will also see that the club generated more than a million dollars in cashflow - a figure that is almost double the previous financial year - which is a huge positive.

Our EBITDA as a result shows a strong figure of \$899,434.

A comparison of our major trading accounts :

	2023	2022	
Gaming	\$ 3,997,385	\$2,975,514	Up 34%
Bar	\$ 929,635	\$452,456	Up 105%

This highlights how tough trading was in 2022. Whilst things are still tough due to rising costs, we are quietly confident the club can continue to improve as we rebuild after the events of the lockdown years pushed a lot of businesses close to breaking point.

On to the change of leadership. Over the past two years the club has been in a state of succession planning. With the retirement of Tony Blanch and the upcoming retirement of Greg Luck, the board identified the need to sure up the management of the club moving forward. It was identified that Karron Dean and I would be stepping up to fill the roles left by Tony and Greg respectively.

Karron has been a part of the Mex Club team for 25 years and has a strong knowledge of the inner workings of the business.

For the past two years I have benefited from the mentoring and experience of Greg Luck in preparing me for the role ahead.

Greg will remain involved with the club on a part-time basis as a consultant, until the completion of the apartments next door. When that happens, Greg can retire knowing that he saw the project through to completion and is leaving the club in a strong position moving forward. This is something for which Karron and I are extremely grateful.

For those who don't know me, a quick overview of my professional background.

In 1992 while studying at Newcastle University I received a Young Australian of the Year award in Science & Technology for a software system I developed to track the sterilisation of surgical items through the entire patient process. This software was installed in over 20 major hospitals in Australia and New Zealand and remained in use until 2019 when the last hospital upgraded to a newer system.

In 1997 I became Digital Media manager for the Cronulla Sharks football club – a role I held for five years. In the days when the internet was brand new, the Sharks won several awards for innovation in that space. This led to me doing work with Andrew Ettingshausen on projects such as his TV Show “Escape with ET”.

In 2001 a colleague and I came up with and successfully pitched a TV Show to the TEN Network - “Personal Best”. A lifestyle program hosted by cricketers Brett & Shane Lee, netballer Liz Ellis and several other Australian sporting icons. Personal Best was entirely funded by sponsors we were able to attract and aired for a season of 10 episodes.

In 2010 I created an interactive animation platform named “Fanimania” – a video game for stadium big screens that could be controlled by the crowd via their mobile phones. The technology saw me working for NRL Clubs the Rabbitohs, Roosters, Tigers, Sharks and Bulldogs. The Harvey Norman State of Origin, the Richmond Tigers in the AFL, Everton FC in the English Premier League and even Rock n’ Roll supergroup Bon Jovi.

I continued to develop software and mobile apps and worked as a freelance marketing consultant for several organisations including the Newcastle Northstars, and in 2013 took a part-time role as a digital media and IT consultant for the Mex Club.

For the next eight years I worked here as a consultant, answering to Greg Luck and Tony Blanch. Whilst here originally for advertising, marketing and promotions, I was able to harness their club experience - learning about POS, gaming and back of house operations.

We identified an opportunity - with Greg Luck’s knowledge of gaming and my knowledge of programming - we developed together a gaming analysis platform that is still in use by the club today for reporting and machine purchase decision-making. Through this collaboration I grew to become more involved in gaming analysis and in the workings of the club, to the point where I became a full time employee - becoming Operations Manager when Tony Blanch retired in 2021.

I would like to thank our president Damien and the Board of Directors for granting me the opportunity to step up to the lead role – I am excited for what the future holds for this club and I’m genuinely thrilled to be a part of it.

I want to thank Greg Luck for his guidance and mentorship, and for his friendship and sense of humour. We will definitely miss you around the club and we all wish you many enjoyable years of a well-earned retirement. You weren’t happy when Karron and I named the gaming bar “Lucky’s” but it was our small way of saying thankyou for everything you’ve done here in the last 16 years.

Finally, I want to thank all our wonderful members for embracing all of the changes and for your continued support. I look forward to our journey together over the coming years. I will always appreciate suggestions and honest feedback. Sometimes there are tough decisions that need to be made for the benefit of the business – but at the end of the day we are all here to create a club with the best facilities and an atmosphere that members and guests can proudly call their local - while making sure it is financially sustainable so we can all enjoy it for many years to come!

Meet me at the Mex!

Greg Rickford
General Manager

Mayfield Ex Services Club Limited ACN 000 995 602

Annual financial report for the year ended 30 June 2023

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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 29 August 2023. The Directors have the power to amend and reissue the financial statements.

Directors' report

Your Directors' present their report on Mayfield Ex Services Club Limited (the Company) for the year ended 30 June 2023.

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 Wes Ting

Junior Vice President
Director since 2002

Previously worked as a switchboard operator.

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 Mervyn Nichols

Director
Director since 2011

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

Mr Lyle Chapman

Director
Director since 1999

Worked as a carpenter and joiner.

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 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	12	11
Mr Damien Horan	12	12
Mr Lyle Chapman	12	11
Mr Mervyn Nichols	12	11
Mr Robert Simpson	12	8
Mr Richard Clarke	12	12
Mr Terence Ting	12	11
Mr Brett Hyham	12	12
Mr Darryl Kerr	12	11

Where:

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

Directors' 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 2023, 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 net loss incurred has improved compared to the prior year with the Club being operational for the full year compared to only 10 months in the prior year as well as the opening of the new restaurant area during the year.

	2023	2022	Change
	\$	\$	
Revenue from bar, paper gaming and poker machine operations	4,927,020	3,428,060	1,498,960
Other revenue	918,034	786,969	131,065
Total trading revenue	5,845,054	4,215,029	1,630,025
Expenses excluding interest, depreciation and amortisation	(4,945,620)	(3,507,747)	(1,437,873)
EBITDA	899,434	707,282	192,152
Depreciation, amortisation, profit and loss on disposal	(993,006)	(947,443)	(45,563)
Interest income and expenses and finance costs	(268,719)	(191,586)	(77,133)
Net profit / (loss) before income tax for the year	(362,291)	(431,747)	69,456
Operating cashflow	1,027,006	555,031	471,975

The Company has returned a strong EBITDA result of \$899,434. After consideration of depreciation and interest costs, the net result shows a loss before income tax for the year of \$362,291 .

Directors' 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 \$11,088 (2022: \$9,014).

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 - Director



Darryl Kerr - Director

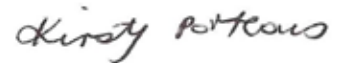
Dated: 29 August 2023
Mayfield, NSW

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 2023, 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: 29 August 2023
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 2023

	Notes	2023 \$	2022 \$
Revenue from continuing operations	2	5,845,054	4,088,439
Other income	3	152,000	128,767
Bar cost of goods sold		(348,812)	(187,566)
Bar direct expenses		(317,132)	(202,308)
Gaming direct expenses		(1,155,240)	(839,064)
Paper gaming expenses		(92,922)	(65,615)
Rental expenses		(4,441)	(3,391)
Member amenities		(853,953)	(623,556)
Clubhouse expenses		(704,049)	(421,578)
Administration expenses		(2,561,077)	(2,112,112)
Borrowing expenses		(321,719)	(193,763)
		<u>(6,359,345)</u>	<u>(4,648,953)</u>
Profit / (loss) before income tax		(362,291)	(431,747)
Income tax expense	4	(62,827)	-
Profit / (loss) for the year		(425,118)	(431,747)
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		(425,118)	(431,747)

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 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	2,102,655	2,352,571
Trade receivables	6	17,232	28,540
Inventories	7	40,113	37,926
Financial assets at amortised cost	8	136,400	-
Other assets	9	146,269	124,090
Total current assets		2,442,669	2,543,127
Non-current assets			
Property, plant and equipment	10	14,258,582	14,449,725
Intangible assets	11	-	125,000
Lease assets	12	17,935	46,884
Deferred tax assets	13	101,818	-
Total non-current assets		14,378,335	14,621,609
Total assets		16,821,004	17,164,736
LIABILITIES			
Current liabilities			
Trade and other payables	14	702,892	622,246
Financial liabilities	15	5,277,093	5,651,556
Provisions	16	411,321	393,298
Other liabilities	17	205,078	143,726
Lease liabilities	12	16,945	29,805
Total current liabilities		6,613,329	6,840,631
Non-current liabilities			
Financial liabilities	15	326,433	174,959
Provisions	16	9,195	6,944
Other liabilities	17	16,936	9,667
Lease liabilities	12	-	16,951
Deferred tax liabilities	13	164,645	-
Total non-current liabilities		517,209	208,521
Total liabilities		7,130,538	7,049,152
Net assets		9,690,466	10,115,584
MEMBERS FUNDS			
Retained profits		9,690,466	10,115,584
Total members funds		9,690,466	10,115,584

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 2023

	Retained profits \$	Total \$
Balance at 1 July 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
Profit / (loss) for the year	(425,118)	(425,118)
Total comprehensive income for the year	(425,118)	(425,118)
Balance at 30 June 2023	9,690,466	9,690,466

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 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from members and customers		6,414,053	4,512,580
Payments to suppliers and employees		(5,118,328)	(3,892,554)
Interest received		53,000	2,177
Interest paid		(321,719)	(193,763)
Government stimulus received		-	126,590
Net cash inflow (outflow) from operating activities		1,027,006	555,031
Cash flows from investing activities			
Payments for property, plant and equipment		(1,035,122)	(966,805)
Proceeds from sale of intangible assets		11,000	-
Net cash inflow (outflow) from investing activities		(1,024,122)	(966,805)
Cash flows from financing activities			
Proceeds from borrowings		-	300,000
Proceeds from other loans		661,224	311,458
Repayment of borrowings		(545,000)	(420,000)
Repayment of other loans		(339,213)	(422,307)
Repayment of lease liabilities		(29,811)	(38,398)
Net cash inflow (outflow) from financing activities		(252,800)	(269,247)
Net increase in cash and cash equivalents		(249,916)	(681,021)
Cash and cash equivalents at the beginning of the financial year		2,352,571	3,033,592
Cash and cash equivalents at the end of the financial year	5	2,102,655	2,352,571

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 2023

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.

(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 2023, Mayfield Ex Services Club Limited has a current assets of \$2,442,669 compared to current liabilities of \$6,613,329 resulting in a working capital deficiency of \$4,170,660.

The working capital deficiency is caused by:

- (a) The entire balance of the ANZ Loan of \$4,855,000 is stated as a current liability due to the loan facility expiring on 1 March 2024. 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) Ongoing positive cashflows. The Company generated positive net operating cashflows of \$1,027,006 during the current year. The Directors consider this positive cashflow will continue;
- (b) The use of the Company's current cash balance. The Company has a cash balance at 30 June 2023 of \$2,102,655 (although \$1,998,000 is committed for an investment property purchase);
- (c) Ongoing support from its suppliers and members.
- (d) Funds received from sale of poker machine entitlements (\$235,000) following approval by the Independent Liquor and Gaming Authority.

Further to this:

- (e) 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;
- (f) The Club did not meet an interest cover covenant in relation to the loan facility agreement for the current year. The Directors do not believe there will be any impacts from this matter;

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 2023

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
2023	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers AASB15)	504,230	-	3,980,205	27,009	929,635	64,359	5,505,438
	-	322,436	17,180	-	-	-	339,616
	504,230	322,436	3,997,385	27,009	929,635	64,359	5,845,054

Timing of revenue recognition

At a point in time	504,230	-	3,980,205	-	929,635	64,359	5,478,429
Over time	-	322,436	17,180	27,009	-	-	366,625
	504,230	322,436	3,997,385	27,009	929,635	64,359	5,845,054

	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

(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 2023

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

	2023	2022
	\$	\$
(a) Other income		
Profit on sale of poker machine entitlements	99,000	-
Interest income	53,000	2,177
Government stimulus payments - Jobkeeper	-	126,590
	<u>152,000</u>	<u>128,767</u>

(i) *Profit on sale of poker machine entitlements*

The Company recognised profit on sale of poker machine entitlements by comparing proceeds received on sale with the carrying amount of the asset being sold.

(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	1,506,821	1,150,785
Loss on disposal of property, plant and equipment	-	7,255
Depreciation and amortisation expense	993,006	940,188
Interest costs	321,719	193,763
Expected credit losses	99,000	-

Notes to the financial statements

For the year ended 30 June 2023

4 Income tax expense

	2023	2022
	\$	\$

(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	(362,291)	(431,747)
Tax at the Australian tax rate at 25% (2022: 25%)	(90,573)	(107,937)
Add/(Less) tax effect of:		
Non deductible expenses	13,232	13,232
Non assessable income	-	(31,648)
Apportionment adjustment members income and expenses	85,359	106,125
Timing differences	-	3,323
Deferred tax asset for tax losses not brought to account	-	16,905
Impact of first year booking of deferred tax balances	54,809	-
Carried forward losses not recognised / (recouped)	-	-
Income tax expense	62,827	-

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	2,102,655	2,352,571
	2,102,655	2,352,571

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 2023

6 Trade receivables

	2023	2022
	\$	\$
Current		
Trade receivables	17,232	28,540
	<u>17,232</u>	<u>28,540</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	40,113	37,926
	<u>40,113</u>	<u>37,926</u>

Accounting policy

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

8 Financial assets at amortised cost

Current		
Other receivables	235,400	-
Provision for expected credit losses	(99,000)	-
	<u>136,400</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	146,269	124,090
	<u>146,269</u>	<u>124,090</u>

Accounting policy

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

10 Property, plant and equipment

	Capital work in progress	Land	Buildings and improvement	Poker machines	Plant and equipment	Total
	\$	\$	\$	\$	\$	\$
Non-current assets						
At 1 July 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>
Year ended 30 June 2023						
Opening net book amount	1,008,959	1,050,000	10,345,831	885,735	1,159,200	14,449,725
Additions	178,059	-	-	497,458	97,396	772,913
Disposals	-	-	-	-	-	-
Transfers	(834,742)	-	774,268	30,704	29,770	-
Depreciation charge	-	-	(468,807)	(285,567)	(209,683)	(964,057)
Closing net book amount	<u>352,276</u>	<u>1,050,000</u>	<u>10,651,292</u>	<u>1,128,330</u>	<u>1,076,683</u>	<u>14,258,582</u>
Year ended 30 June 2023						
Cost	352,276	1,050,000	19,363,499	3,708,998	2,598,623	27,073,396
Accumulated depreciation	-	-	8,712,207	2,580,668	1,521,940	12,814,815
Net book amount	<u>352,276</u>	<u>1,050,000</u>	<u>10,651,292</u>	<u>1,128,330</u>	<u>1,076,683</u>	<u>14,258,582</u>

Notes to the financial statements

For the year ended 30 June 2023

10 Property, plant and equipment (continued)

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.

11 Intangible assets

	Poker machine entitlements	2023	2022
	\$	\$	\$
Non-current assets			
As at 30 June 2023			
Cost	-	-	125,000
Net book amount	-	-	-
Reconciliation			
Opening net book amount	125,000	125,000	125,000
Additions	-	-	-
Amortisation charge	-	-	-
Disposals	(125,000)	(125,000)	-
Closing net book amount	-	-	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.

Notes to the financial statements

For the year ended 30 June 2023

12 Lease assets and lease liabilities

2023	2022
\$	\$

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		-	8,014
Multiscreen system	1,600			16,335	38,113
POS system	16,335			<u>17,935</u>	<u>46,884</u>

Reconciliation

	Photocopier	Multiscreen system	POS system	Total	Total
	\$	\$	\$	\$	\$
Carrying amount at the beginning of the year	757	8,014	38,113	46,884	84,170
Additions	-	-	-	-	-
Depreciation	(757)	(6,414)	(21,778)	(28,949)	(37,286)
Carrying amount at the end of the year	<u>-</u>	<u>1,600</u>	<u>16,335</u>	<u>17,935</u>	<u>46,884</u>

b) Lease liabilities**Current**

Lease liabilities	-	1,167	15,778	16,945	29,805
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Non-current

Lease liabilities	-	-	-	-	16,951
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Total	<u>-</u>	<u>1,167</u>	<u>15,778</u>	<u>16,945</u>	<u>46,756</u>
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Reconciliation of lease liabilities

	Photocopier	Multiscreen system	POS system	Total	Total
	\$	\$	\$	\$	\$
Carrying amount at the beginning of the year	-	8,053	38,703	46,756	85,154
Additions	-	-	-	-	-
Interest expense	-	182	1,075	1,257	2,570
Lease payments	-	7,068	24,000	31,068	40,968
Carrying amount at the end of the year	<u>-</u>	<u>1,167</u>	<u>15,778</u>	<u>16,945</u>	<u>46,756</u>

Maturity analysis of future lease payments

	Photocopier	Multiscreen system	POS system	Total	Total
Not later than 1 year	-	1,178	16,000	17,178	31,068
Later than 1 year and not later than 5 years	-	-	-	-	17,178
Lease payments	<u>-</u>	<u>1,178</u>	<u>16,000</u>	<u>17,178</u>	<u>48,246</u>

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 lease asset and a lease liability is recognised. Lease assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Lease 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% (with no additions in the current year).

Notes to the financial statements

For the year ended 30 June 2023

12 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 lease 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.

13 Deferred tax balances	2023	2022
	\$	\$
<i>(i) Deferred tax assets</i>		
The balance comprises temporary differences attributable to:		
Provisions	25,790	-
Other	8,962	-
Carried forward tax losses	67,066	-
	<u>101,818</u>	<u>-</u>
Movements		
At 1 July 2022	-	-
(Charged)/credited to statement of profit or loss and other comprehensive income	101,818	-
At 30 June 2023	<u>101,818</u>	<u>-</u>
<i>(i) Deferred tax liabilities</i>		
The balance comprises temporary differences attributable to:		
Depreciation	156,495	-
Other	8,150	-
	<u>164,645</u>	<u>-</u>
Movements		
At 1 July 2022	-	-
(Charged)/credited to statement of comprehensive income	(164,645)	-
At 30 June 2023	<u>(164,645)</u>	<u>-</u>

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 statement of financial position date.

Notes to the financial statements

For the year ended 30 June 2023

14 Trade and other payables

	2023	2022
	\$	\$
Current		
Trade payables	597,379	603,385
GST payable	105,513	18,861
	<u>702,892</u>	<u>622,246</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.

15 Financial liabilities

Current

Secured

Bank loans (i)	- expected to be repaid within one year	420,000	420,000
	- expected to be repaid after one year	4,435,000	4,980,000
Other loans (ii)		422,093	251,556
Total secured financial liabilities		<u>5,277,093</u>	<u>5,651,556</u>

Non-current

Secured

Bank loans (i)		-	-
Other loans (ii)		326,433	174,959
Total secured financial liabilities		<u>326,433</u>	<u>174,959</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 \$5,485,000. At 30 June 2023 the Company has undrawn finance facilities of \$509,728, with \$475,105 relating to an asset finance facility and \$34,623 in an overdraft 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 2023

16 Provisions

	2023	2022
	\$	\$
Current		
Employee entitlements (i) & (ii)	394,543	349,640
Other provisions	16,778	43,658
	<u>411,321</u>	<u>393,298</u>
Non-current		
Employee entitlements (ii)	9,195	6,944
	<u>9,195</u>	<u>6,944</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 revenue	5,009	12,644
Contract liabilities - deposits held	62,900	62,900
Contract liabilities - commission revenue	137,169	68,182
	<u>205,078</u>	<u>143,726</u>

Non-current

Contract liabilities - membership revenue	16,936	9,667
	<u>16,936</u>	<u>9,667</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	-	51,746
Rental property	1,998,000	1,998,000
Restaurant renovation	-	84,875
	<u>1,998,000</u>	<u>2,134,621</u>

19 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 2023 the Company's contingent commitment was \$12,600 (84 members) (2022: 88 members \$13,200). 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 2023

2023 **2022**
\$ **\$**

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	251,739	223,856
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21 Remuneration of auditors

Auditor of the company

Audit of the financial statements	25,300	24,000
Other services - taxation compliance	4,700	4,400
Other services - consulting	13,940	10,070
	<u>43,940</u>	<u>38,470</u>

22 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 10, 11 and 12) - The useful life of property, plant and equipment and lease 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 7 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 2023 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 - Director



Darryl Kerr - Director

Dated: 29 August 2023
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 2023, 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 2023 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.

Material uncertainty related to going concern

We draw attention to Note 1(d) in the financial report, which indicates that the Company has a working capital deficiency of \$4,170,660 at year end, has breached a loan covenant, and the Company's loan facility is expiring within 12 months. As stated in Note 1(d), these events or conditions, along with other matters set forth in Note 1(d), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report 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. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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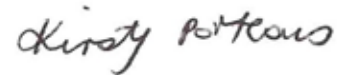
Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Company for the year ended 30 June 2023 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 - Partner



Pitcher Partners NH Partnership
Chartered Accountants

29 August 2023
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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